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IN THE

Supreme Court of the United States

OCTOBER TERM, 1987

PHONE-MATE, INC.,

Petitioners,

vs.

FORTEL CORPORATION,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

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QUESTION PRESENTED

Has the United States Court of Appeals for the Federal Circuit erred by creating the following disparate rules for interpreting the language of a patent claim in determining whether or not it is patentable over the prior art:

(1) in a district court patent infringement action, a patent claim is to be interpreted as *narrowly* as required to uphold its validity; but

(2) in reexamination proceedings in the Patent Office, a claim is to be given its *broadest* reasonable interpretation?

LIST OF THE PARTIES

All parties to the present controversy are indicated in the caption.

In accordance with Rule 28.1 of the Rules of the Supreme Court, petitioner, Phone-Mate, Inc., has no parent companies, subsidiaries, or affiliates.

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In The
Supreme Court
of the United States
OCTOBER TERM, 1987

PHONE-MATE, INC.,

Petitioners,

v.

FORTEL CORPORATION,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Petitioner, Phone-Mate, Inc., respectfully prays that a Writ of Certiorari issue to review the judgment and opinion in favor of respondent, Fortel Corporation, entered on March 30, 1988, by the United States Court of Appeals for the Federal Circuit in its cause numbered 87-1595.

OPINIONS BELOW

The opinion of the Court of Appeals for the Federal Circuit has not been reported. It is reprinted as Appendix A. The judgment of the Federal Circuit is reprinted as Appendix B. The opinion of the United States District Court for the Central District of California is reported at 5 USPQ2d 1081 (C.D. Cal. 1987), and is reprinted as Appendix C. The judgment

entered by the District Court is reprinted as Appendix D.

JURISDICTION

The judgment of the Court of Appeals for the Federal Circuit was entered March 30, 1988. This Petition for a Writ of Certiorari was filed within ninety days thereafter. The jurisdiction of this Court is invoked under 28 U.S.C. §1254(1).

STATUTES INVOLVED

The statutes at issue in this case are those which preclude the issuance of a patent for an invention which has been described in prior art (e.g., prior publications). Section 102(e) of the patent statute (Title 35, U.S.C.) forbids, *inter alia*, the issuance of a patent on an invention which has been described in a patent issued from an earlier-filed application; and section 103 forbids the issuance of a patent on an invention which is "obvious" in view of the prior art.

Sections 102(e) and 103 read as follows:

> **§102. Conditions for patentability; novelty and loss of right to patent**
>
> A person shall be entitled to a patent unless —
>
> * * *
>
> (e) the invention was described in a patent granted on a application for patent by another

filed in the United States before the invention thereof by the applicant for patent . . . .

§103. Conditions for patentability; non-obvious subject matter

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. . . .[1]

It is clear from section 112 and the well-settled case law that "the invention" referred to in sections 102 and 103 is that defined by the claims.[2] The pertinent portion of section 112 reads as follows:

§112. Specification

* * *

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention . . . .

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[1] The full text of §§102 and 103, as well as all other sections of the Patent Act cited in this Petition are reprinted in Appendix F.

[2] *SRI Int'l v. Matsushita Elec. Corp.*, 775 F.2d 1107, 1120-21 (Fed. Cir. 1985).

STATEMENT OF THE CASE

On October 10, 1985, respondent, Fortel Corporation ("Fortel"), filed suit in the Central District of California charging petitioner, Phone-Mate Inc. ("Phone-Mate"), with infringement of claims 1-3 of U.S. Patent No. 3,903,369 (" '369 patent") entitled a "Telephone Answering System with Remote Playback." Federal subject matter jurisdiction was invoked pursuant to 28 U.S.C. §1338(a).

In response, the defendant Phone-Mate challenged the validity of the '369 patent claims in the following two ways:

> (1) Phone-Mate asserted invalidity of the claims in its answer to the complaint, based upon certain prior art patents not considered by the Patent Office when it originally issued the patent; and
>
> (2) Phone-Mate initiated reexamination proceedings in the United States Patent and Trademark Office, asserting that the claims were unpatentable based upon the same prior art patents which were being asserted in the district court proceedings.

The district court refused to stay the litigation pending the outcome of the Patent Office reexamination proceedings. As a result, the district court action and the Patent Office reexamination proceeded concurrently.

In the Patent Office reexamination proceedings, all claims of the '369 patent were determined to be

unpatentable over the prior art.[3] A copy of the final rejection is reprinted as Appendix E. Fortel appealed the final rejection to the Patent Office Board of Appeals. That appeal is still pending.

The district court also held the claims to be unpatentable (i.e., invalid) over the same prior art, and granted petitioner Phone-Mate's motion for summary judgment. *See* Appendix C. In its findings, the district court noted that the Patent Office had reached the same conclusion. Appendix C at C2, Finding No. 4.

On appeal, the Court of Appeals for the Federal Circuit reversed and remanded. In explaining its decision, the Federal Circuit explained that there are two *different* rules of claim interpretation, one to be applied by the courts in evaluating patentability in infringement litigation, and the other to be applied by the Patent Office in evaluating patentability in reexamination proceedings.

These two different rules were articulated as follows in the Federal Circuit's opinion:

> The district court's [claim] interpretation . . . is an unwarranted stretch of the claim language. *In determining the validity of claims of an issued patent, the claims must be construed to uphold their validity, if possible.*

Appendix A at A4 (emphasis added).

> The district court was clearly influenced by the examiner's rejection of the claims on reexamination which may have led to its

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[3] The Examiner found claim 1 of the '369 patent to be anticipated, under 35 U.S.C. §102(e). Claims 2-5 were considered obvious under 35 U.S.C. §103. *See* Appendix E.

> erroneous interpretation of claim 1. . . . First, although the examiner gave a final rejection of the claims, Fortel appealed to the Patent and Trademark Office (PTO) Board of Appeals and the rejection could be reversed. Second, *in a reexamination proceeding, claims are not construed in the same way as in an infringement suit. In proceedings before the PTO, including reexamination, claims are given their broadest reasonable interpretation consistent with the specification. In re Yamamoto*, 740 F.2d 1569, 1571, 222 USPQ 934, 936 (Fed. Cir. 1984).

Appendix A at A4-A5, n.2 (emphasis added).

The Federal Circuit held that the district court erred, as a matter of law, in interpreting the claims of the '369 patent in issue. The '369 patent relates to a telephone answering machine which records messages on a spool of magnetic tape, and which permits the owner to listen to his recorded messages from a distant telephone. The specific invention of the '369 patent involves a particular means for stopping the message tape after all of the recorded messages have been played to the owner.

In order to accomplish this function, the patented answering machine has a clock pulse generator which generates clock pulses as the message tape spool rotates, and a counter which receives the clock pulses. The counter counts up from a reference point as the message tape rewinds to its beginning, and then the counter switches and counts down as the tape plays the messages. When the counter reaches the reference

point, forward movement of the message tape is stopped.

Sole independent claim 1 of the '369 patent (and, per force, all of the dependent claims) recites a "third circuit means" for introducing clock pulses to the counter and a "fourth circuit means" for causing the counter to count up during rewind and to count down during playback.[4]

In the reexamination proceedings, the Patent Office examiner determined that the "third circuit means" and the "fourth circuit means" recitations were broad enough to encompass both mechanical and electrical circuits and that such was disclosed in a prior art patent ('188, to Konno) which described an answering machine with a mechanical circuit causing the counter to count up during rewind and down during playback. The examiner found claim 1 to be unpatentable over the Konno patent under 35 U.S.C. §102(e), and he found the dependent claims to be unpatentable for failure to satisfy the "unobviousness" requirement of 35 U.S.C. §103.

The district court followed the same reasoning as the Patent Office examiner and, as mentioned above, granted summary judgment finding claim 1 to be invalid under 35 U.S.C. §102(e) and finding dependant claims 2 and 3 to be invalid under §103.[5] Appendix C at C11-C13.

In reversing, the Federal Circuit interpreted claim 1 narrowly so as to uphold its validity. Specifically, the

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[4] The full text of claim 1 of the '369 patent is reprinted in Appendix G.

[5] Claims 4 and 5 were not at issue in the district court action.

Federal Circuit interpreted the recited "third circuit means" and "fourth circuit means" to mean *electrical* circuits, notwithstanding the fact that *electrical* circuits are not recited in the relevant claim language. In so doing, the Federal Circuit explained as follows:

> The "clock pulses" in the specification are *electrical* pulses. Claim 1 does not specifically state that the "clock pulses" are electrical pulses because it is unnecessary. The specification speaks only in terms of "clock pulses," it being understood in the context of an electrical circuit that the pulses are electrical.

Appendix A at A4 (footnote omitted).

REASONS FOR GRANTING THE WRIT

A. THE FEDERAL CIRCUIT'S DISPARATE RULES OF CLAIM INTERPRETATION ARE UNNECESSARY AND UNDESIRABLE

The Federal Circuit's decision in this case highlights two disparate rules of claim interpretation. (1) In Patent Office proceedings, the Federal Circuit requires the Patent Office to interpret claims as *broadly* as reasonable. (2) In infringement litigation, the Federal Circuit requires district courts to interpret claims as *narrowly* as necessary to uphold their validity. Petitioner asks this Court to grant a Writ of Certiorari to determine whether this dual standard of claim interpretation should continue.

The facts attendant to this case vividly demonstrate the undesirable and unnecessary consequences of the Federal Circuit's double standards of claim interpretation. The district court's summary judgment[6] of invalidity was held to be erroneous because the district court did not narrowly interpret claim 1, i.e., by reading the unwritten modifier "electrical" into the "clock pulses" recitation. At the same time, the Federal Circuit acknowledged that the Patent Office examiner's identical determination, based upon the "broadest reasonable interpretation consistent with the specification," might well be correct. Appendix A at A4-A5, n.2. In short, according to the Federal Circuit's disparate rules of claim interpretation, a patent claim (e.g., claim 1 of the '369 patent in issue) should be found to be patentable over the prior art (e.g., here, the Konno patent) if patentability is being considered by a district court; but the *same claim* may properly be found to be unpatentable over that *same prior art* if patentability is being considered by the Patent Office (e.g., in a reexamination proceeding).

This dichotomy is not only unacceptable, it is unnecessary. The reason frequently advanced for the disparate rules of claim interpretation is that claims before the Patent Office can be amended to overcome rejection based upon the prior art, but claims in litigation cannot be amended.[7] However, this reasoning overlooks the fact that the patentee of an invalidly

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[6] As the Federal Circuit correctly noted in the second sentence of its opinion, Appendix A at A2, there were no disputed factual issues presented to it; its reversal was based solely on the legal issue of claim interpretation.

[7] *In Re Yamamoto*, 740 F.2d 1569, 1572 (Fed. Cir. 1984).

broad claim can institute reexamination or reissue proceedings in the Patent Office, and can narrow the claims in the Patent Office proceedings to distinguish the claim from the prior art.

B. THE FEDERAL CIRCUIT'S RULE REQUIRING COURTS TO CONSTRUE PATENT CLAIMS SO AS TO UPHOLD THEIR VALIDITY IS NOT SUPPORTED BY THE DECISIONS OF THIS COURT

Two Supreme Court cases are frequently cited by the Federal Circuit for the proposition that courts are required to construe claims to uphold their validity.[8] In *Klein v. Russell*, 86 U.S. 433 (1864), this Court stated that courts "should proceed in a liberal spirit, so as to sustain the patent and the construction claimed by the patentee himself, *if this can be done consistently with the language which he has employed.*" *Id.* at 466 (emphasis added). However, *Klein* does not justify resort to details found only in the specification to uphold an otherwise invalid claim.

In *Klein*, the patent related to a method of tanning leather. The claim read as follows: "[I claim] the employment of fat liquor in the treatment of leather, substantially as specified." The claim was invalid if it was read to include the use of cold fat liquor. Relying on the express claim language, "substantially as specified," this Court limited the claim to include only

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[8] *See, e.g., ACS Hosp. Sys., Inc. v. Montefiore Hosp.*, 732 F.2d 1572 (Fed. Cir. 1984); *Carman Indus., Inc. v. Wahl*, 724 F.2d 932 (Fed. Cir. 1983).

the use of hot fat liquor as described in the specification. *Id.*

In the other frequently cited case, *Turrill v. Michigan Southern and Northern Ind. R.R.*, 68 U.S. 491 (1864), this Court said that patents are "to receive a liberal construction [and are] if practicable, to be interpreted so as to uphold and not destroy the right of the inventor." *Id.* at 510. The patent in question related to a device for repairing and welding rails used in railroads. The claim recited a device having "a movable press block having its edge formed to the side of a rail . . . [for] facilitating the difficult operation of welding and renewing the ends of such rails after they have been damaged in the manner herein described." *Id.* at 493.

The lower court in *Turrill* held the claim to be invalid on the basis of prior art devices having movable press blocks shaped to receive various articles such as anchors, angle iron, and bayonets. This Court reversed, holding that the claim did not include all "movable press blocks, in combination, with faces of various shapes and used for various purposes . . . [but, the] [i]nvention was of such a movable press block as is described, having its edge formed to the side of a rail . . . and combined and operating in the particular way described, for the special purpose of effecting the described result." *Id.* at 511-12. Notably, all the limitations relied on to uphold the claim are found in the express language of the claim.

The *Klein* and *Turrill* decisions do not sanction resort to details found only in the specification, i.e., not recited in the express language of the claim, to save the

claim from invalidity.[9] Both *Klein* and *Turrill* support the proposition that only express claim language should be relied on in evaluating a claim's patentability over the prior art.

This cannon of claim construction was eloquently expressed as follows by Justice Bradley in *White v. Dunbar*, 119 U.S. 47, 51-52 (1886):

> Some persons seem to suppose that a claim in a patent is like a nose of wax which may be turned and twisted in any direction, by merely referring to the specification, so as to make it include something more than, or something different from, what its words express. . . . The claim is a statutory requirement, prescribed for the very purpose of making the patentee define precisely what his invention is; and it is unjust to the public, as well as an evasion of the law, to construe it in a manner different from the plain import of its terms.

Petitioner respectfully submits that in the present case the Federal Circuit erred when it read into claim 1 the unwritten limitation: "electrical." If the patentee desires to so limit its claims, it can do so via the Patent Office's reissue or reexamination proceedings.

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[9] Previous Federal Circuit decisions have also held that limitations found in the examples and embodiments contained in the specification should not be read into the claims. *SRI Int'l v. Matsushita Elec. Corp.*, 775 F.2d 1107, 1121 (Fed. Cir. 1985); *D.M.I., Inc. v. Deere & Co.*, 775 F.2d 1570, 1574 (Fed. Cir. 1985;

C. THE POLICIES ADVANCED IN SUPPORT OF THE STANDARD REQUIRING NARROW JUDICIAL CONSTRUCTION OF PATENT CLAIMS ARE NOT COMPELLING.

Proponents of the Federal Circuit's dual standard of claim interpretation reason that a narrow judicial construction of claims is necessary to preserve the rights of an inventor to his invention. In court proceedings, they reason, unlike proceedings before the Patent Office, the patentee does not have the right to amend his claims to distinguish over the prior art. Therefore, they conclude, courts in infringement suits should interpret patent claims in light of the specification so as to preserve for the inventor any aspect of the invention that is a true contribution to the art. *In re Yamamoto*, 740 F.2d 1569, 1572 (Fed. Cir. 1984).

However, this analysis overlooks reissue proceedings[10] and the recently created reexamination procedure.[11] The reexamination procedure allows the patentee (or any other individual) to test the validity of a patent in proceedings before the Patent Office whenever newly discovered prior art publications raise a substantial new question of patentability. During both reexamination and reissue proceedings, the patentee is entitled to narrow existing claims or to add narrower new claims to define his invention over the

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[10] 35 U.S.C. §251.

[11] Congress enacted Public Law 96-517 creating administrative reexamination of issued patents as part of the Patent Act of 1980. It is codified at 35 U.S.C. §301-07, reprinted in Appendix F.

prior art. Both reissue and reexamination proceedings allow the Patent Office to address issues of patentability in the light of pertinent prior art not before it during the original examination of the application for the patent. *See generally* 3 D. Chisum, *Patents* §§11.07[4], 15.04 (1987).

With the availability of reissue and reexamination proceedings, a patentee can resolve any issues of patentability created by prior art not theretofore considered by the Patent Office. If a patentee chooses to forego these options and proceed with the validity challenge in the courts, then the patentee foregoes the opportunity to amend the claims to distinguish over the prior art. However, because the option to amend the claims is present, the rationale for having a double standard of claim interpretation does not exist in cases, such as the present case, where either reissue or reexamination is an option. To allow the patentee to choose between two forums with different rules of interpretation is not consistent with the strong policy of discouraging forum shopping.

Additionally, where, as here, the patentee has the option to amend the claim in concurrent reexamination proceedings and fails to do so, it is particularly inappropriate to uphold the claims by implying a limitation which the patentee has expressly refused to add.

D. THE DISPARATE STANDARDS OF CLAIM INTERPRETATION USED IN JUDICIAL PROCEEDINGS AND REEXAMINATION PROCEEDINGS ARE CONTRARY TO CONGRESS' INTENT IN CREATING THE REEXAMINATION PROCESS.

Congress enacted the reexamination statute to achieve an important public purpose. The statute was part of a comprehensive effort to revive United States industry's competitive vitality by restoring investor confidence in the validity of patents issued by the Patent Office. The bill's sponsors foresaw three principle benefits. First, the new procedure is intended to resolve validity disputes more quickly and less expensively than the often protracted litigation frequently involved in such cases. Second, the procedure is intended to allow courts to refer complex patent validity questions to the expertise of the Patent Office. Finally, reexamination is intended to reinforce investor confidence in the certainty of patent rights by allowing the Patent Office to review "doubtful patents." *See Patlex Corp. v. Mossinghoff*, 758 F.2d 594, 601-02 (Fed. Cir. 1985) (explaining the legislative history and purpose of the reexamination statutes).

The use of disparate rules of claim interpretation in judicial proceedings and Patent Office proceedings frustrates each of these major goals.

A patentee facing a validity challenge or an individual desiring to challenge a patent is presently confronted with the following choice: (1) to proceed in the Patent Office under a broad claim interpretation rule which is more likely to result in a determination of

unpatentability over the prior art; or (2) to proceed in a judicial proceeding where the court is required, if possible, to interpret the claim narrowly so as to uphold its validity. Each party in a validity challenge is likely to view one standard, and thus one forum, as favorable to its position. Each party will institute and diligently pursue the proceeding perceived to be most favorable. At the same time, because the first party to reach a final decision in the forum most favorable to it is likely to emerge the victor, the Federal Circuit's dual standard may encourage procedural abuse and dilatory tactics in the forum perceived to be unfavorable.

As a result, instead of reexamination proceedings providing an efficient and inexpensive alternative proceeding in which to test patentability, the Federal Circuit's disparate rules may create the increased expense of a second proceeding for determining patentability. As in the present case, the inconsistent rules of claim interpretation lead to two different actions in two different forums to decide a single issue. This is not the efficient, inexpensive alternative envisioned by Congress.

Similarly, the courts are not given the benefit of the Patent Office's expertise if the courts are required to apply a standard different from that applied in the Patent Office. To the contrary, by forcing courts to go beyond the express language of the claims in order to uphold the validity of the claims, courts are forced to not only interpret complex and technical claim language, but in essence, to redraft the claims as they should have been drafted during the original examination in the Patent Office. Thus, the dual standard minimizes what was intended to be valuable guidance

to courts confronted with complex technical claim construction issues.

Finally, consistent claim determinations, the last goal of the reexamination statute, are precluded by the use of two distinct rules of claim construction. Already complex patent claims are rendered even more incomprehensible because there is no single rule which investors can apply to predict the validity of patent claims. Rather, the outcome of a validity determination may depend in part on the forum in which the challenge is made as well as the merits of the challenge.

The problem of lack of predictability is further exacerbated because the judicial standard allows courts to rely on language and limitations outside the express claim language. Therefore, it is not enough for investors to read the claim language. They are forced to consider the possibility that a court will look beyond the claim language in resolving validity disputes.

Of course, for any of the congressional objectives to be achieved, patentees must voluntarily choose to use the reexamination procedure. However, statistics for the first four years of the reexamination procedure indicate that the number of reexamination requests is less than one-fifth of the expected number. Neff, *Patent Reexamination — Valuable, But Flawed: Recommendations For Change*, 65 J. Pat. Off. Soc'y p. 582 (1986). The disparate standards of claim interpretation should be unified to encourage patentees to seek reexamination rather than judicial review under the more favorable standard.

E. THIS CASE PRESENTS AN IDEAL OPPORTUNITY TO REVIEW THE IMPORTANT CLAIM CONSTRUCTION RULES USED IN DETERMINING PATENT VALIDITY

In order to institute a reexamination, the Patent Office must find a substantial new question of patentability based on printed patents or publications. If a substantial new question is raised, the Patent Office proceeds on an *ex parte* basis to reexamine all claims of the patent in question. If the patentee is successful in reexamination, the patent emerges from the proceeding with a presumption of validity. 35 U.S.C. §282. Although not bound, the courts may defer to the expertise of the Patent Office in deciding any future validity challenges. On the other hand, if the claims are determined to be unpatentable during reexamination, any pending or future litigation with respect to the patent is laid to rest.

However, as in the present case, reexamination proceedings and judicial proceedings frequently occur simultaneously. As a result, the Patent Office has adopted complex procedural guidelines to avoid the possibility of inconsistent conclusions resulting from the application of disparate rules of claim interpretation in concurrent proceedings.[12] Under these guidelines, reexamination proceedings are stayed once a trial on the merits begins. Similarly, once a judicial decision

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[12] These guidelines are promulgated in 37 C.F.R. §1.565 and Manual of Patent Examining Procedure §§2242, 2286 (5th Edition, 1987), reprinted in Appendix F.

is reached, the Patent Office finds that because the courts have considered the challenge there is no longer a substantial new question of patentability and the reexamination proceedings are terminated.

Thus, although the disparate rules of claim interpretation have a potential impact on every patentability challenge which can be raised in reexamination proceedings, only a few cases, such as the present case, present an actual conflict between a judicial decision and a Patent Office determination. However, the absence of frequent conflict is not indicative of a patent system in good health. Rather, the Patent Office procedures for avoiding inconsistent rulings are a prescription which treats a symptom but leaves the underlying ailment camouflaged and untreated.

This Court now has an opportunity to remedy a problem which repeatedly affects a large number of cases and yet evades effective review because of procedures which conceal the underlying problem.

Even though the Patent Office decision is still under appeal, the present case is ripe for resolution by this Court because the path of appeal leads ultimately to the Federal Circuit. 35 U.S.C. §306 and §141. The Federal Circuit has clearly indicated that it will review the Patent Office's decision under the rule which requires the Patent Office to construe the claim as broadly as reasonable in light of the specification, a standard distinctly different than that applied by the Federal Circuit in reviewing the district court opinion regarding precisely the same claim.

CONCLUSION

The present case presents a unique opportunity for this Court to review a disparate claim interpretation rule which plagues virtually every dispute involving a validity challenge based on prior art. The Court now has the opportunity to review existing standards of claim interpretation to ensure that they are in compliance with congressionally mandated goals. Accordingly, petitioner respectfully submits that it is in order for this Court to grant the Petition for a Writ of Certiorari to review the judgment of the Federal Circuit.

Respectfully submitted,

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APPENDIX A

APPENDIX A

Note: This opinion has not been prepared for publication in a printed volume because it does not add significantly to the body of law and is not of widespread legal interest. It is a public record. It is not citable as precedent. The decision will appear in tables published periodically.

United States Court of Appeals for the Federal Circuit

87-1595

FORTEL CORPORATION,

Plaintiff-Appellant,

v.

PHONE-MATE, INC.,

Defendant-Appellee.

DECIDED: March 30, 1988

Before RICH, *Circuit Judge*, BALDWIN, *Senior Circuit Judge*, and NIES, *Circuit Judge*.

RICH, *Circuit Judge*.

DECISION

Fortel Corporation (Fortel) appeals from the July 29, 1987, judgment of the United States District

Court for the Central District of California, 5 USPQ2d 1081 (C.D. Cal. 1987), granting Phone-Mate's motion for summary judgment that claim 1 of Fortel's patent No. 3,903,369 ('369) for "Telephone Answering System with Remote Playback" is invalid for anticipation under 35 USC 102(e) and that claims 2 and 3 are invalid for obviousness under 35 USC 103. We *reverse* and *remand.*

OPINION

The parties dispute whether the "third" and "fourth" circuit means recited in claim 1 are disclosed in patent No. 3,894,188 to Konno. This issue turns solely on claim interpretation, there being no dispute as to any genuine issue of material fact.

Claim 1 recites "third circuit means coupled to said message storage means for introducing clock pulses to said up-down counter when said message storage means is activated." The '369 patent specification shows a microswitch mechanically coupled to the message tape transport that opens and closes for each revolution of the tape feed reel. The microswitch is electrically connected to a resistor which in turn is connected to a grounded capacitor and a Schmitt trigger. The Schmitt trigger supplies clock pulses to an electronic counter in response to the closing of the microswitch. The clock pulses cause the counter to count either forward or backward depending on the state of the up-down control signal.

In Konno, the shaft of the tape drive is mechanically coupled to a pair of mechanical counters. The direction of counting, either forward or backward, depends on the direction of rotation of the tape drive shaft. Each

counter includes a mechanically actuated two-position switch. Apparently, the switch is in one position whenever the counter is counting backward from 0000 and remains in that position when the direction of counting is reversed. The switch then changes position when the counter passes through 0000 as it counts forward and remains in that state as long as the counter is counting above 0000. The switches in turn are connected to relays which control the operation of the answering machine including the direction of the tape drive.

The district court found that all limitations of the "third circuit means" are met by Konno:

> The limitations of the third circuit means reads [sic] on the insides of the counters of Figure 3 [3a and 3b?] of the Konno Reference. The counters are circuit means. They provide clock pulses. And, they are coupled to the message tape.

5 USPQ2d at 1082. The court relied in part on the deposition testimony of Fortel's expert in which he was questioned on the internal workings of mechanical counters. He testified that mechanical counters are made of a series of wheels mechanically coupled to each other. As one wheel completes a full rotation, it causes the next wheel to rotate one-tenth of a turn. Fortel's expert admitted that the coupling between wheels could be referred to as a "pulse" in the sense that one wheel would "provide a mechanical pulse" to the next wheel.

For Konno to "anticipate" claim 1 under §102, however, the "third circuit means" clause in the claim must literally read on the prior art disclosure. *See Lewmar Marine, Inc. v. Barient, Inc.*, 827 F.2d 744, 3

USPQ2d 1766 (Fed. Cir. 1987), *cert. denied*, 108 S.Ct. 702 (1988). That is, there must be a "circuit means coupled to said message storage means" and that means must perform the function of "introducing clock pulses to said up-down counter." The district court found that because the counters in Konno have switches, they are "circuit means" and that the counters are "coupled to the message tape." We cannot agree, however, that these "circuit means," if they be such, also provide "clock pulses" to the counter.

The "clock pulses" in the specification are *electrical* pulses. Claim 1 does not specifically state that the "clock pulses" are electrical pulses because it is unnecessary.[1] The specification speaks only in terms of "clock pulses," it being understood in the context of an electrical circuit that the pulses are electrical.

The district court's interpretation of the term "clock pulses" to read on the "insides," as it called them, of Konno's mechanical counters is an unwarranted stretch of the claim language. In determining the validity of claims of an issued patent, the claims must be construed to uphold their validity, if possible. *Lewmar Marine*, 827 F.2d at 749, 3 USPQ2d at 1770.[2]

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[1] Phone-Mate misrepresents Fortel's answer to Request No. 89 in its Requests for Admission. Phone-Mate says that Fortel admitted that "claim 1 does not require *electrical* clock pulses" (emphasis in original). What Fortel admitted was that claim 1 "does not *state* that the pulses producted by the third circuit means are electrical pulses" (emphasis ours).

[2] The district court was clearly influenced by the examiner's rejection of the claims on reexamination which may have led to its erroneous interpretation of claim 1. The court specifically noted that "[t]he Patent Office [sic] agrees that the counters show the third circuit means" and gave "the Patent Office's expert opinion

Here, the court has done the opposite, reading the term "clock pulses" much more broadly than it is used in the specification to hold the claim invalid. Although Fortel's expert testified that a mechanical counter could be said to generate an internal "pulse," he was not interpreting the term "clock pulse" as used in the claim. That is the issue here, not whether, for want of a better term, the coupling of the wheels in a mechanical counter could also be called a "pulse." Because Konno does not disclose any means "for introducing clock pulses" to the counter, we reverse the district court's holding that claim 1 is invalid for anticipation under §102(e).

The district court's additional holding that dependent claims 2 and 3 are invalid under §103 is based in part on the court's erroneous interpretation of claim 1, from which they depend, and its finding that the Konno patent shows all of the limitations recited in

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weight." 5 USPQ2d at 1082, 1084. First, although the examiner gave a final rejection of the claims, Fortel appealed to the Patent and Trademark Office (PTO) Board of Appeals and the rejection could be reversed. Second, in a reexamination proceeding, claims are not construed in the same way as in an infringement suit. In proceedings before the PTO, including reexamination, claims are given their broadest reasonable interpretation consistent with the specification. *In re Yamamoto*, 740 F.2d 1569, 1571, 222 USPQ 934, 936 (Fed. Cir. 1984).

that claim. Accordingly, we reverse the holding of invalidity as to claims 2 and 3 as well.[3]

[3] We note that on reexamination, the examiner rejected all claims including claim 1 under §103 as unpatentable over Konno considered with patent No. 3,395,401 to Silverman. According to the examiner's final rejection, "The Silverman reference teaches 'electronic' counters and circuit elements to generate 'electronic' clock pulses." The district court, however, did not consider Silverman, and it is not before us on this appeal. Thus, we express no views on whether the subject matter of claims 1-3 would have been obvious in view of Konno and Silverman.

APPENDIX B

APPENDIX B

United States Court of Appeals for the Federal Circuit

87-1595

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FORTEL CORPORATION,

Plaintiff-Appellant,

v.

PHONE-MATE, INC.,

Defendant-Appellee.

Judgment

ON APPEAL from the United States District Court for the Central District of California

in CASE NO(S). CV 86-6656 LEW 01

This CAUSE having been heard and considered, it is

ORDERED and ADJUDGED: REVERSED AND REMANDED

ENTERED BY ORDER OF THE COURT

DATED MAR 30 1988

Francis X. Gindhart

Francis X. Gindhart, Clerk

ISSUED AS A MANDATE: APR 20 1988

APPENDIX C

APPENDIX C

District Court, C.D. California

Fortel Corp. v. Phone-Mate Inc.

No. 85-6656-LEW(JRx)
Decided July 29, 1987

Keith D. Beecher and Jessup, Beecher & Slehofer, Santa Monica, Calif., for plaintiff.

Paul L. Gardner, David M. Simon, and Spensley Horn Jubas & Lubitz, Los Angeles, Calif., for defendant.

Waters, Senior District Judge.

FINDINGS OF FACT AND CONCLUSIONS OF LAW ON GRANTING DEFENDANT'S MOTION FOR SUMMARY JUDGMENT OF INVALIDITY OF CLAIMS 1-3 OF U.S. PATENT NO. 3,903,369

This Court, having considered defendant's motion for summary judgment that claims 1-3 of U.S. Patent No. 3,903,369 are invalid, and having reviewed the parties' memoranda, exhibits, declarations, pleadings and other papers filed, and having heard the oral arguments of counsel at a hearing held on June 8, 1987, and having decided that defendant's motion should be granted, hereby enters the following Findings of Fact and Conclusions of Law.

FINDINGS OF FACT

1. This is a patent infringement suit wherein the plaintiff charges the defendant with infringement of four of the plaintiff's United States patents, including U.S. Patent No. 3,903,369 (the '369 patent), which is the subject of these findings.

2. The plaintiff, Fortel, and the defendant, Phone-Mate, are competitors in the field of telephone answering machines. The defendant Phone-Mate is a California corporation having its principal place of business in this Judicial District.

3. The plaintiff is the owner of the '369 patent.

4. The plaintiff charges the defendant with infringement of only claims 1 through 3 of the '369 patent. While this case was pending, the defendant filed, pursuant to 35 U.S.C. §302 et seq., a request for reexamination of the '369 Patent. Defendant's request was granted and, as of the time of the hearing herein, the Patent Office had determined that all five claims of the '369 patent (including claims 4 and 5 which are not at issue here) were invalid. Exhs. E, G.[1] The matter is now pending before the Patent Office Board of Appeals.

5. The '369 patent is directed to a circuit in a telephone answering machine which permits the machine to play back messages recorded on a message tape. The machine may be remotely operated by the owner calling his or her number and generating an

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[1] All citations in this memorandum are to the attachments to Defendant's Motion for Partial Summary Judgment for Patent Invalidity unless otherwise specified.

audible tone signal to start playback of the message tape.

6. In particular, the circuit recited in claim 1 relates to stopping play back of the message tape after all messages have been transmitted over the telephone line during remote operation of the machine. See col. 4, lines 35-40 of the '369 Patent. Claim 2 recites circuitry for allowing the owner to hear some or all of the messages again by sending a remote tone signal causing the message tape to "backspace for a duration determined by the duration of the received tone signal." See col. 6, lines 48-57 of the '369 Patent. Claim 3 recites a counter to "count down during the duration of the tone signal." See col. 6, lines 58-61 of the '369 Patent.

A. *All Elements of Claim 1 of the '369 Patent are Shown in Figure 3 of the Konno Reference.*

7. Claim 1 recites eight elements, i.e., (i) a telephone answering machine for recording messages on a message tape; (ii) a tone sensing circuit for detecting the remote tone signal; (iii) a first circuit means for starting the rewinding of the message tape in response to detection of the remote signal; (iv) an up-down counter for measuring tape displacement of the message tape; (v) a second circuit means for terminating the rewinding of the message tape when it returns to a reference position (the beginning of the messages); (vi) a third circuit means for providing clock pulses to the counter as the message tape is rewound or played back; (vii) a fourth circuit means that causes the counter to count one way when the tape is moving one way and another way when the tape is moving in reverse; and (viii) the second circuit means stops play back when the counter returns to a reference

count indicating that the last message on the tape has been played back.

8. The Plaintiff has admitted that 6 out of 8 of the elements in claim 1 are shown in Figure 3 of U.S. Patent No. 3,894,188 (the Konno Reference). Admission Nos. 36-40, 46, Exh. B. In particular the plaintiff admits that: (i) Figure 3 of the Konno Reference is a telephone answering system as required by the claim; (ii) the detecting circuit 4 is a "tone sensing circuit" as required by the claim; (iii) the switch Y_{41} and the solenoid SD_1 are a "first circuit means" for starting the rewind as required by the claim; (iv) the counters TC_1 and TC_2 of Figure 3 are the "up-down counter for measuring tape displacement" as required by the claim; (v) the switches Y_{C1} and Y^{C}_{2} are the "second circuit means for terminating" the rewinding as described in the claim; and (vi) the switch y_{C1} is a "second circuit means for terminating" the playback "when said counter returns to its reference count" as required in claim 1.[2]

9. The first of the two elements of claim 1 of the '369 Patent that the plaintiff denies is found in the Konno Reference is the:

> third circuit means coupled to said message [tape] for introducing clock pulses to said up-down counter when said message [tape] is activated.

10. The plaintiff's expert testified at his deposition that the counters TC_1 and TC_2 in Figure 3 of the

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[2] The plaintiff has argued in its opposition that the Konno Reference fails to disclose the up-down counter — notwithstanding its admission that the Konno Reference discloses the counter. The plaintiff has not moved for withdrawal of its admissions.

Konno Reference generate pulses internally and the pulses could be clock pulses. Hanscom Depo. at 196-98; 200. Further, he admitted that the counters have switches Y^C_1 and Y^C_2 [*id.* at 199-200]; thus, the counters are clearly circuit elements. Further, the counters are coupled to the message tape T_2. Exh. D at col. 7, lines 32-38.

11. The plaintiff argues that the mechanical counter cannot meet the requirements of the third circuit means because such counters do not create electrical pulses. *See* Plaintiff's Opposition at 9; Statement of the Patent Owner at 3, Exhibit F. However, the claim does *not* recite that the pulses are electrical. Admission No. 89, Exhibit H.

12. The limitations of the third circuit means reads on the insides of the counters of Figure 3 of the Konno Reference. The counters are circuit means. They provide clock pulses. And, they are coupled to the message tape. The Patent Office agrees that the counters show the third circuit means. *See* Exh. E at 3.[3] All limitations of the third circuit means are met by the Konno Reference.

13. The second element absent from the Konno Reference according to the plaintiff is the:

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[3] The plaintiff quotes from the Patent Office's determination regarding this element and complains that the quoted statement "does not make sense." *See* Plaintiff's Opposition at 8, lines 16-25. If taken in the proper context, that quote does make sense. The quoted third sentence, regarding a "control signal," relates to the plaintiff's argument about the fourth circuit means. *See* Statement of Patent Owner at 3, Exhibit F. The prior two sentences of that quote briefly conclude — as this Court did — that the counters of the Konno reference fully meet the limitation of the third circuit means.

> fourth circuit means coupled to said second circuit means for causing said up-down counter to count from a reference count to a further count as said message storage means is being returned [or is rewinding] to its reference position and for causing said up-down counter to return to its reference count as the telephone answering system is transmitting [or playing back] messages over the telephone line.

As the plaintiff succinctly summarized this element, the fourth circuit means causes the counter "to count one way when the tape is moving forward and to cause the counter to count another way when the tape is moving in reverse[.]" i.e. the fourth circuit means causes the counters to reverse the direction of counting when the tape T_2 reverses. Exh. F.

14. The plaintiff admits that the Konno Reference includes a means that fully meets the functional statement of the fourth circuit means. Plaintiff's Opposition at 9, lines 17-19. However, the plaintiff argues that no fourth *circuit* means is present because the Konno Reference accomplishes this functional limitation through the *mechanical* coupling between the tape drive and the up-down counters. In other words, the plaintiff argues that the direction of counting is reversed due to the mechanical coupling between the tape transport's motor M_2 and the counters TC_1 and TC_2; therefore, the mechanical coupling is purportedly not a circuit means.

15. The plaintiff's argument ignores the fact that the direction of movement of the tape T_2 is controlled via the relay Y_4. If the relay Y_4 is energized or deenergized, the direction of the tape T_2 and its motor

M_2 reverses. Hanscom Depo. p. 194-95. Because the counters TC_1 and TC_2 are coupled to the motor M_2, they reverse their direction of counting when the relay Y_4 is energized or deenergized. Thus, the relay Y_4 — which clearly is a "circuit means" — controls the mechanical coupling between the tape transport motor M_2 and the counters. Therefore the relay Y_4 is a circuit means for causing the mechanical coupling to perform, as the plaintiff admits, the functional limitation described in the fourth circuit means. Therefore, all limitations of this element, the fourth circuit means, are met by the Konno Reference.

16. In the copending reexamination proceeding, the Patent Office has found that Figure 3 of the Konno Reference shows all elements of claim I of the '369 Patent. Exhs. E, G.

17. It is thus apparent that the Konno Reference discloses all limitations of claim 1. B. *Claims 2 and 3.*

18. The defendant does not claim any one reference shows all of the element of claims 2 and 3. Rather, the defendant asserts that these two claims are unpatentable under 35 U.S.C. §103.

19. The defendant cites three separate references in support of its argument that claims 2 and 3 are invalid. One of the references is the Konno Reference that showed all of the limitations recited in claim 1. The other two references are published Japanese Patent Application (Kokai) No. 48-14205, (the Kokai Reference) and U.S. Patent No. 3,673,332 to Muller (the Muller reference).

20. The Kokai Reference shows the circuit shown in Figure 3 of the Konno Reference. Further, the Kokai Reference states that the circuit allows the owner to hear messages a second time by sending a second

remote signal. Exhibit I at p. 9. The plaintiff's expert essentially agrees with this fact. Hanscom Depo. pp. 202-203.

21. Figure 1 of the Konno Reference shows a telephone answering system that rewinds the message tape for approximately as long as a remote tone signal is sent by the owner.

22. The Muller Reference teaches rewinding the message tape during playback for the duration that a button is pressed down by the owner of the machine. Hanscom Depo. pp. 204-05.

23. Claim 2 is dependent on claim 1. It adds that if a remote tone signal is received during playback of the message tape, the circuitry causes the message tape to "back-space for a duration determined by the duration of the received tone signal.

24. The difference between the Kokai Reference and claim 2 of the '369 patent is: in the Kokai the tape will rewind to the beginning of the message tape if a remote signal is received during play back while in claim 2 the message tape will rewind for a duration determined by the remote signal. Compare Exhibit I at p. 9 with claim 2 of the '369 patent.

25. Figure 1 of the Konno Reference and claim 2 are alike in that both cause the message tape to be rewound for a duration determined by a remote tone signal. However, the circuit in Figure 1 of the Konno Reference does not necessarily do this rewinding during the remote operation. Compare Exhibit D at col. 5, line 57 through col. 6, line 2 with claim 2 of the '369 patent.

26. Also a difference between the Muller Reference and claim 2 is: in Muller, the rewinding is done for the

duration that a button is depressed during play back of the messages, while in claim 2, that rewinding is done for a duration determined by the duration of a remote audible tone signal sent over the telephone line. Compare Exhibit J at col. 24, lines 5-12 with claim 2 of the '369 patent.

27. Plaintiff has admitted that the level of skill in the art at the time the '369 patent was filed is that of an electrical engineer with several years' experience in designing analog and digital circuits.

28. In the co-pending reexamination proceeding, the Patent Office examiner has concluded that claim 2 is unpatentable. Exhibits E, G.

29. Claim 3 recites that the circuit described in claim 2 has the counter "count down during the duration of the tone signal." The counters in both the Kokai and the Konno Reference would meet this requirement if they were combined to meet the requirements of claim 2. See Exh. D at col. 7, lines 45-58; Exh. I at 8.

30. In the co-pending reexamination proceeding, the Patent Office has concluded that claim 3 is unpatentable.

31. The plaintiff has not raised any separate arguments about the validity of claims 2 and 3, beyond arguing that claim 1 is valid.

CONCLUSIONS OF LAW

1. This Court has jurisdiction and venue is proper. 28 U.S.C. §§ 1338(a) and 1400(b).

2. Claims are presumed to be valid. 35 U.S.C. §282. The validity of each claim, including dependent claims, is to be considered separately from all other claims.

3. The issue of whether a claim is not novel (i.e. that it is anticipated) is an issue of fact. *See Tyler Refrigeration v. Kysor Industrial Corp.*, 777 F.2d 687, 689 [227 USPQ 845, 846-847] (Fed. Cir. 1985). To determine if a claim is anticipated, "it is only necessary that the claims under attack, as construed by the court, 'read on' something disclosed in the reference, i.e. all limitations of the claim are found in the reference. . . ." *Kalman v. Kimberly-Clark Corp.*, 713 F.2d 760, 772 [218 USPQ 781, 789-790] (Fed. Cir. 1983).

4. When determining if a prior art reference anticipates a claim containing elements expressed as a means for performing a function pursuant to 35 U.S.C. §112, last paragraph, "the limitations which must be met are those set forth in each statement of function." *RCA Corp. v. Applied Digital Data Systems, Inc.*, 730 F.2d 1440, 1445 n.5 [221 USPQ 385, 389] (Fed. Cir. 1984); *see also SSIH Equipment, S.A. v. U.S.I.T.C.*, 718 F.2d 365, 378-79 [218 USPQ 679, 689-690] (Fed. Cir. 1983).

5. Admissions made in response to a request to admit are binding upon the party who made the admissions absent a motion to withdraw or amend the admissions. *Federal Rule of Civil Procedure* 36(b).

[1] 6. Although the decision by the Patent Office that claim 1 of the '369 patent is anticipated may yet be appealed, this Court may give the Patent Office's expert opinion weight. *See Gould v. Control Laser Corp.*, 705 F.2d 1340, 1342 [217 USPQ 985, 986] (Fed. Cir. 1983).

7. The Konno Reference is prior art under 35 U.S.C. §102(e) because it was filed in the United States prior to the date that the plaintiff claims is its date of invention. See *Hazeltine Research, Inc. v. Brenner*, 382 U.S. 252, 86 S.Ct. 335, 15 L.Ed.2d 204 [147 USPQ 429] (1965).

8. Since all elements of claim 1 of the '369 patent are found in the prior art Konno Reference, claim 1 of the '369 patent is anticipated and therefore invalid.

9. To determine if a claim is invalid for obviousness, four factual inquiries need to be made:

(i) What is the scope and content of the prior art?

(ii) What are the differences between the prior art and the claimed subject matter?

(iii) What was the level of ordinary skill in the art at the time the patent was filed?

(iv) What objective indicia of non-obviousness are present, if any?

See Panduit Corp. v. Dennison Mfg. Co., 810 F.2d 1561, 1569 [1 USPQ2d 1593, 1601] (Fed. Cir. 1987); *DMI, Inc. v. Deere & Co.*, 802 F.2d 421, 425 [231 USPQ 276, 278-279] (Fed. Cir. 1986). However, objective indicia of non-obviousness need not-be considered here as the plaintiff has stated in an interrogatory answer that it will not introduce any evidence on this issue at trail. Exh. K.

10. The ultimate conclusion of obviousness is a legal conclusion. *See Panduit*, 810 F.2d at 1569 [1 USPQ2d at 1601].

11. The Konno Reference and the Muller Reference are prior art under 35 U.S.C. §102(e). Each was on file in the United States Patent Office prior to the claimed date of invention of the '369 patent. Further, the Kokai

Reference is prior art under 35 U.S.C. §102(b) because it was published in the Japanese Patent Office more than one year prior to the filing date of the plaintiff's '369 patent. *See Akzo N.V. v. E.I. Dupont de Nemours*, 635 F. Supp. 1336, 1350 [230 USPQ 263, 273-274] (E.D. Va. 1986), aff'd 810 F.2d 1148 [1 USPQ2d 1705] (Fed. Cir. 1987) (Japanese laid open patent application (Kokais) are publications under 102(b)); *see also In re Wyer*, 655 F.2d 221, 225-26 [210 USPQ 790, 793-795] (CCPA 1981) (laid open Australian application is prior art).

12. All three references are also relevant to the field of endeavor for the patentee of the '369 patent, telephone answering machines. Thus, each may be used as prior art in an obviousness determination. *See In re Deminski*, 796 F.2d 436, 442 [230 USPQ 313, 315] (Fed. Cir. 1986).

13. The negative opinion of the patent owner's expert concerning the subject matter of claim 2 is relevant. *See generally Petersen Mfg. Co. v. Central Purchasing, Inc.*, 740 F.2d 1541, 1548 [222 USPQ 562, 567-568] (Fed. Cir. 1984). Further, the Patent Office's determination in the copending reexamination that claims 2 and 3 are unpatentable may be given weight by the Court. *See Gould v. Control Laser Corp.*, 705 F.2d 1340, 1342 [217 USPQ 985, 986] (Fed. Cir. 1983).

[2] 14. This Court concludes that invention claimed in claim 2 was obvious when the application for the '369 patent was filed. The Muller Reference's teaching of rewinding the message tape for the duration that a button is held down during playback would have made it obvious for the ordinary skilled artisan to:

> substitute the Konno's Reference's rewinding for the duration of the remote signal in place

of the Kokai Reference's rewinding to the beginning of the messages upon receipt of the second remote tone signal.

15. Claims 1 through 3 of the '369 patent are invalid.

IT IS SO ORDERED.

FINDINGS OF FACT AND CONCLUSIONS OF LAW UPON GRANTING DEFENDANT'S MOTION FOR SUMMARY JUDGMENT OF NON-INFRINGEMENT OF U.S. PATENT NO. 3,723,656

This Court, having considered defendant's motion for summary judgment that defendant's telephone answering machines do not infringe claim 1 of plaintiff's U.S. Patent No. 3,723,656 (the '656 patent), and having reviewed the memoranda, exhibits, declarations, pleadings and other papers filed by the parties, and having heard the oral arguments of counsel at a hearing held on June 8, 1987, and having decided that defendant's motion should be granted, hereby enters the following Findings of Fact and Conclusions of Law:

FINDINGS OF FACT

1. This is a patent infringement suit wherein the plaintiff charges the defendant with infringement of four of plaintiff's United States patents, including U.S. Patent No. 3,723,656 (the '656 patent), which is the subject of these findings.

2. The plaintiff, Fortel, and the defendant, Phone-Mate, are competitors in the field of telephone answering machines. The defendant Phone-Mate is a California corporation having its principal place of business in this Judicial District.

3. The plaintiff is the owner of the '656 patent.

4. The plaintiff charges the defendant with infringement of only claim 1 of the '656 patent. The defendant has moved for summary judgment that no infringement occurred.

A. *The '656 Patent*

5. The '656 patent is directed to a circuit in a telephone answering machine which permits the owner of the machine to turn the machine on from a remote location by calling the telephone to which the machine is connected to and allowing it to ring for a predetermined number of rings. See col. 1, lines 35-46 of the '656 patent.

6. The preferred embodiment shown in the drawings and described in the specification of the '656 patent accomplishes the foregoing function by means of a relay Y which controls a switch Y-1C to shunt a power switch 18. The relay Y-1 is energized to shunt the power switch when a predetermined number of ring signals occur on the telephone line. A holding circuit comprising switches RE-1 and Y-1A maintains the relay in its energized state.

B. *The Prosecution History of the '656 Patent*

7. Original claim 1 in the application for the '656 patent read as follows:

> In a telephone answering system which comprises electronic circuitry, the combination of: a control circuit responsive to incoming telephone ring signals for producing an output which rises above a particular threshold after a predetermined number of the aforesaid ring signals have been received, and means responsive to said output above said predetermined threshold for completing

and activating circuit[ry] to the electronic circuitry in said telephone answering system.

8. The Patent Office rejected original claim 1 under 35 U.S.C. §102.

9. In response to the section 102 rejection, the plaintiff cancelled application claim 1 and submitted application claim 5 which originally read as follows:

> In a telephone answering system which includes first circuitry for transmitting a recorded message over a telephone line in response to a ring signal, second circuitry for subsequently recording a message received over the telephone line from a calling party, and circuitry including a manually operated switch for activating and de-activating the system, the combination of: a control circuit responsive to incoming telephone ring signals for producing an output which rises above a particular threshold after a predetermined number of the aforesaid ring signals have been received, and circuitry connected to said control circuit and across said manually operated switch for electrically *by-passing* said switch when said output from said control circuit rises above said particular threshold. [Emphasis added.]

10. In adding application claim 5, the plaintiff argued for patentability as follows:

> The combination of the invention, as expressly set forth in the submitted claims 5-7, is a control circuit connected across the manually operated switch of a telephone answering unit . . . to activate the telephone answering unit. . . . The combination of the invention, as

> expressly set forth in the submitted claims 5-7, is a control circuit connected across a manually operated switch of a telephone answering unit, and which responds to a predetermined number of rings received over the telephone line to *by-pass* the switch. . . . [Emphasis added.]

11. The Patent Office rejected application claim 5 under 35 U.S.C. §103.

12. In response to the section 103 rejection, the plaintiff amended application claim 5 to read as follows:

> In a telephone answering system which includes first circuitry for transmitting a recorded message over a telephone line in response to a ring signal, second circuitry for subsequently recording a message received over the telephone line from a calling party, the combination of: circuitry including a manually operated switch for activating and de-activating the system, a control circuit coupled to the telephone line and responsive to incoming telephone ring signals for producing an output which rises above a particular threshold after a predetermined number of the aforesaid ring signals have been received, relay circuitry connected to said control circuit to be activated by said output therefrom, a holding circuit connected to said relay circuitry for maintaining said relay circuitry in said activated condition until said telephone answering system enters a reset mode, and contacts connected across said manually operated switch and operated

by said relay circuitry for electrically by-passing said switch when said output from said control circuit rises above said predetermined threshold and for continuing to by-pass said switch until said telephone answering system enters said resent condition.

13. In amending application claim 5, plaintiff argued for patentability as follows:

> Claim 6 has been cancelled. The subject matter thereof [the relay and the holding circuit] *has been incorporated into the amended claim 5* and the amended claim 5 has been further modified so that it may recite in clear and explicit terms structure distinguishing the system and concept of the present invention from the telephonic remote control arrangement described in the [prior art] patent. . . .
>
> Although it is true that *relay holding circuits* are known, it is believed unobvious to use *a holding circuit* in conjunction with a ring sensitive detector in the manner described and claimed in this application so as to achieve applicant's desired result, and which is beyond the capability of the [prior art] system. [Emphasis added.]

14. The Examiner then amended application claim 5 to read as follows, and it was allowed and became claim 1 of the '656 patent as issued:

> In a telephone answering system which includes first circuitry for transmitting a recorded message over a telephone line in response to a ring signal, and a second circuitry for subsequently recording a mes-

sage received over the telephone line from a calling party, the combination of:

means including a manually operated switch for activating and deactivating the system;

control circuit means coupled to the telephone line and responsive to incoming ring signals for producing an output which rises above a particular threshold after a predetermined number of ring signals have been received;

relay means, connected to said control circuit means to be activated by said output therefrom, for electrically *by-passing* said switch when said output from said control circuit means rises above said predetermined threshold; and

holding circuit means connected to said relay means for maintaining said relay means in an activated condition until said telephone answering system enters a reset mode. [Emphasis added.]

15. In summary, the plaintiff initially sought a claim that recited circuitry generating a voltage above a threshold level in response to ring signals, and circuitry for activating the telephone answering machine when that above-threshold voltage was generated. The Patent Office rejected that claim as being unpatentable under section 102. The plaintiff then rewrote that claim to recite "circuitry for by-passing said switch" that activates the machine. That claim was rejected under section 103. The plaintiff then amended the claim to recite that the circuitry for by-passing the switch was a "relay means" and there

was a "holding circuit means" for keeping the relay means activated, and argued for patentability based on the amendments. It was only after such amendments and arguments were made that the examiner allowed the claim, with further amendments made by him.

C. *The Defendant's Accused Products*

16. The defendant's accused machines include a microprocessor which functions, *inter alia*, to change the number of rings required before the machine will respond to a telephone call. First Karnowski Decl. ¶¶5, 7; Hanscom Depo. pp. 166-67.

17. The accused machines have circuitry which permits the owner to change the number of rings required to cause the machine to answer a call.

18. Defendant's accused machines have a switch which, for example, if pushed once, signals the microprocessor to cause the machine to answer a call after 10 rings. If the switch is pushed again, the computer causes the machine to answer a call after four, two or one ring. First Karnowski Decl. ¶7.

19. Once the accused machine answers a call, e.g., after 10 rings, all subsequent calls will be answered on fewer rings. The microprocessor — in response to a series of stored instructions — causes the machine to respond to the call after fewer rings. *Id.* at ¶8.

20. Defendant's accused machines do not have means for "bypassing said switch" as recited in claim 1, and they do not have either the "relay" or the "holding circuit" recited in claim 1.

D. *Plaintiff's Arguments on Infringement*

21. The plaintiff interprets claim 1 such that the switch in the defendant's accused telephone answering machine responds to the switch recited in claim 1.

22. Plaintiff argues that the term by-pass has a well known lay-person's definition that this Court should use in interpreting claim 1, i.e., that "by-pass" means to "ignore the action of the switch." See page 6 of plaintiff's opposition brief.

23. Even if this definition were legally correct (see Conclusion of Law 7), the defendant's circuits do not *ignore* the action of the switch. Both the defendant and the plaintiff's expert agree that pushing the switch always has an effect on what the defendant's machine will do. Second Karnowski Decl., ¶¶7, 8 attached to Defendant's Reply Brief; Hanscom Depo. p. 165 attached to Defendant's Reply Brief. Thus, the switch in the accused machine is never ignored. Second Karnowski Decl. ¶9. The plaintiff has submitted no evidence to contradict this fact.

24. Technical dictionaries, which the plaintiff's expert agrees are authoritative, define the word by-pass to be synonymous with the term "shunt" or parallel path. Exh. G; Hanscom Depo. pp. 127-28. Both the specification and the prosecution history of the '656 patent are consistent with this definition.

25. The plaintiff's expert agrees that there is not shunt on the switch in defendant's accused machine. Hanscom Depo. pp. 163-64.

26. Defendant PHONE-MATE's machines have neither the relay nor the holding circuit recited in claim 1. The plaintiff agrees, but argues that because the terms relay and holding circuit appear at the start of elements expressed as a means for performing a function, the terms relay and holding circuit are not limitations in the claim. See Opposition at 8. Whether the relay and holding circuit recitations limit the claim is a legal issue. This Court concludes that the plaintiff's

position on that issue is wrong, as a matter of law. See Conclusion of Law 8.

27. Based on the record and the arguments of the parties, no material issues of fact exist to prevent this Court from summarily finding that no literal infringement exists. Plaintiff has only advanced arguments of claim interpretation to avoid the summary judgment. As the claim is properly interpreted, no literal infringement exists because the defendant's accused machines do not have means to by-pass the switch, and they do not have either a relay or a holding circuit for performing the functions recited in the claim.

28. There is not material issue of fact concerning the Doctrine of Equivalents. Plaintiff has submitted no evidence to show that the defendant's accused circuits perform substantially the same function in substantially the same way to achieve substantially the same result as the claimed circuitry.

29. Further, the claim amendments and arguments that the plaintiff made to obtain allowance of claim 1 preclude the claim interpretation necessary to find infringement under the Doctrine of Equivalents. For example, plaintiff argued that the recitation of by-passing the switch patentably distinguished claim 1. To find equivalency where by-passing is absent from the accused machines would improperly permit the plaintiff to recapture subject matter it surrendered in successfully persuading the Patent Office to allow claim 1.

CONCLUSIONS OF LAW

1. This Court has jurisdiction and venue is proper. 28 U.S.C. §§1338(a) and 1400(b).

2. The burden of proving infringement is on the plaintiff in this action. *See Tyler Refrigeration v. Kysor Industrial Corp.*, 777 F.2d 687, 691 [227 USPQ 845, 848] (Fed. Cir. 1985).

3. To infringe a patent, the accused device must fall within the scope of a claim of the patent. *See George v. Honda Motor Co.*, 802 F.2d 432 [231 USPQ 382] (Fed. Cir. 1986) (device lacking claimed structure cannot infringe).

4. To fall within the scope of the claim, the plaintiff must show either: (i) that the words of the claim as properly interpreted literally read on the accused device; or (ii) that the device infringes under the Doctrine of Equivalents; i.e., the accused device performs substantially the same function in substantially the same way to obtain the same result. *See Builders Concrete v. Bremerton Concrete Products*, 757 F.2d 255, 258 [225 USPQ 240, 241-242] (Fed. Cir. 1985).

5. Claim interpretation is an issue of law. See *Raytheon Co. v. Roper Corp.*, 724 F.2d 951, 956 [220 USPQ 592, 596] (Fed. Cir. 1986). Here, the plaintiff has only argued that infringement existed based on what the term "by-pass" in the claim means and whether the terms "relay" and "holding circuit" limit the scope of the claim.

6. Terms of a patent claim are to be interpreted as they would be understood by those of skill in the art. *See Schenck v. Norton Corp.*, 713 F.2d 782, 784 [218 USPQ 698, 699-700] (Fed. Cir. 1983). Further, claims

are to particularly point out to the public what the patentee regards as his property. *See* 35 U.S.C. §112, second paragraph.

7. Claims are to be interpreted as they would be by those skilled in the art. *Loctite Corp. v. Ultraseal, Ltd.*, 781 F.2d 861, 867 [228 USPQ 90, 93-94] (Fed. Cir. 1985).

[3] 8. The plaintiff's attempt to ignore the words relay and holding circuit in claim 1 in order to prove infringement is legally improper. The Federal Circuit has cautioned against "alter[ing] what the patentee has chosen to claim as his invention." *SSIH Equipment S.A. v. U.S.I.T.C.*, 718 F.2d 365, 378 [218 USPQ 678, 689-690] (Fed. Cir. 1983). Also see *Ellicott Machine Co. v. United States*, 405 F.2d 1385, 1390-91 [157 USPQ 149, 152-154] (Ct. Cl. 1969) (interpreting hydraulic means to distinguish the claim albeit in a non-patentable manner from non-hydraulic prior art), and *Graphicana Corp. v. Baia Corp.*, 472 F.2d 1202, 1204 [176 USPQ 455, 456] (6th Cir. 1973) (accused structure's base that may cause marring is not a "mar-proof" base means). No authority is cited by the plaintiff to support its argument that words appearing before the "means" in a means plus function clause are to be ignored. Moreover, plaintiff's remarks accompanying the amendment where the terms "relay" and "holding circuit" were added to the claim specifically stated that a relay and a holding circuit were included in the subject matter of the claim.

9. Infringement under the Doctrine of Equivalents is circumscribed by the Doctrine of Prosecution History Estoppel. *See Builders Concrete, supra*, 757 F.2d at 258 [225 USPQ at 241-242]. That latter doctrine blocks finding infringement by equivalency if the

accused device falls outside the scope of any amendment made to the claims to overcome a prior art rejection. As the Federal Circuit recently stated:

> This doctrine bars a patentee from construing its claims in a way that would resurrect subject matter previously surrendered during prosecution of the patent application, and thus it prevents a patentee from enforcing its claims against otherwise legally equivalent structures if those structures were excluded by claim limitations added in order to avoid prior art. *Mannesman Demag Corp. v. Engineered Metal Products Co., Inc.*, 793 F.2d 1279, 1284 [230 USPQ 45, 47-48] (Fed. Cir. 1986).

See also Chemical Engineering v. Essef Industries, 795 F.2d 1565, 1572 & n.8 [230 USPQ 385, 391] (Fed. Cir. 1986). As the Supreme Court has stated, "By the amendment [plaintiff] recognized the difference between the two phrases and proclaimed his abandonment of all that is embraced in the difference." *Exhibit Supply Co. v. Ace Patents Corp.*, 315 U.S. 126, 136, 62 S.Ct. 513, 86 L.Ed. 736, 744 [52 USPQ 275, 279] (1942).

10. As the Federal Circuit also recently stated, "[Plaintiff] is *estopped* from now broadening the description of a claim element limited during prosecution so as to encompass a structure which a competitor should reasonably be entitled to believe is not within the legal boundaries of the patent claims in suit." *Prodyne Enterprises, Inc. v. Julie Pomerantz, Inc.*, 743 F.2d 1581, 1583 [223 USPQ 477, 478] (Fed. Cir. 1984) (emphasis in original).

11. Claim 1 of the '656 patent is not infringed by defendant's accused machines.

IT IS SO ORDERED.

APPENDIX D

APPENDIX D

Appeal No. 87-1595

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ENT CLOSED
FILED
JUL 29
CLERK, U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
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ORIGINAL

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

FORTEL CORPORATION, a California Corporation,	)	Civ. No. 85-6656-LEW (JRx)
Plaintiff,	)	JUDGMENT OF INVALIDITY OF CLAIMS 1-3 OF U.S. PATENT NO. 3,903,369
v.	)	
PHONE-MATE, INC., a California Corporation; Defendant.	)	(Proposed by Defendant)

This Court has considered defendant's motion for summary judgment that claims 1-3 of plaintiff's U.S. Patent No. 3,903,369 are invalid, and has reviewed the memoranda, exhibits, declarations, pleadings and other papers filed by the parties, and has heard the oral

arguments of counsel at a hearing held on June 8, 1987,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that claims 1-3 of plaintiff's U.S. Patent No. 3,903,369 are invalid.

Dated: 17 Jul 87

LAUGHLIN E. WATERS
U.S. District Court Judge

JUL 30 1987

Presented by:
Paul L Gardner
Paul L. Gardner
Attorney for Defendant
PHONE-MATE, INC.

Approved as to form:
JESSUP, BEECHER & SLEHOFER

By:
Keith Beecher,
Attorneys for Plaintiff

APPENDIX E

APPENDIX E

APPEAL NO. 87-1595.

UNITED STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office

Address: COMMISSIONER OF PATENTS AND TRADEMARKS
Washington, D.C. 20231

SERIAL CONT NO	FILING DATE	PATENT UNDER REEXAMINATION	ATTORNEY DOCKET NO
[illegible]	[illegible]	[illegible]	[illegible]

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EXAMINER	
[illegible]	
ART UNIT	PAPER NUMBER
[illegible]	13

DATE MAILED:

[illegible]

This is a communication from the examiner in charge of this reexamination.

COMMISSIONER OF PATENTS AND TRADEMARKS

☑ Responsive to the communication filed on 9 Feb 1987. ☑ This action is made final.

A shortened statutory period for response to this action is set to expire two month(s), ___ days from the date of this letter. Failure to respond within the period for response will cause termination of the prosecution of a reexamination proceeding in accordance with this action.

Part I THE FOLLOWING ATTACHMENT(S) ARE PART OF THIS ACTION:

1. ☐ Notice of References Cited by Examiner, PTO-892
2. ☐ Notice of Informal Patent Drawing, PTO-948
3. ☐ Notice of References Cited, PTO-1449
4. ☐ _____

Part II SUMMARY OF ACTION:

1. ☑ Claims 1-5 are subject to reexamination.
2. ☐ Claims _____ have been cancelled.
3. ☐ Claims _____ are confirmed.
4. ☐ Claims _____ are allowed.
5. ☑ Claims 1-5 are rejected.
6. ☐ Claims _____ are objected to.
7. ☐ The corrected drawings filed on _____ are acceptable.
8. ☐ The drawing correction request filed on _____ has been ☐ approved. ☐ disapproved.
9. ☐ Acknowledgement is made of the claim for priority under 35 U.S.C. 119. The certified copy has ☐ been received. ☐ not been received. ☐ been filed in parent application, Serial Number _____ filed on _____.
10. ☐ Since this proceeding appears to be in condition for issuance of a reexamination certificate except for formal matters, prosecution as to the merits is closed in accordance with the practice under Ex Parte Quayle, 1935 C.D. 11, 453 O.G. 213
11. ☐ Other

APPEAL NO. 87-1595.

REEXAMINATION CONTROL NO. 90/001087

1. Patent owner's response of 9 February 1987 has been carefully considered with the following results.

2. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

> A person shall be entitled to a patent unless—
>
> (b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.
>
> (e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or on an international application by another who has fulfilled the requirements of paragraphs (1), (2), and (4) of section 371(c) of this title before the invention thereof by the applicant for patent.

Claim 1 is rejected under 35 U.S.C. 102(e) as being anticipated by Konno, '188.

The reference is relied upon for the reasons of record. Patent owner argues: (1) the absence of his claimed third circuit means in the Konno reference: and (2) the absence of the "fourth circuit" of his claimed invention.

R-1 Konno *does* disclose elements TC1 and TC2 and further refers to JP 29-8336 or JP 47-7428 as further reference to such devices.

As stated in the previous Office action, the patent owner's clock pulses are generated in response to the opening and closing of his microswitch element 80, i.e., switch contact. No patentable distinction is seen between the claimed "third circuit means" and the well known counter and counter actuated switch contact as acknowedged in the Konno reference. Giving the claim language the broadest reasonable interpretation, switching elements of the counters are "circuit means". There is no claimed limitation of a *control signal* to count "up" and to count "down".

R-2 The reversing capability allowed by the relay 44 for the rewinding of the tape allows TC1 to be reset to zero and then perform the counting function. When the beginning position is reached, 44 is deenergized which enables the counters to service their direction of counting until TC1 returns to zero.

As claimed, the fourth circuit means "causes" the functions claimed. The examiner deems that the relay device 44 also "causes" the claimed limitations.

3. Claim 1 is rejected under 35 U.S.C. 102(b) as being anticipated by JP 48-14205.

The reference is relied upon for the reasons of record. The presented arguments (same arguments against the Konno reference) are not deemed persuasive for the reasons of record.

4. The following is a quotation of 35 U.S.C. 103 which forms the basis for all obviousness rejections set forth in this Office action:

> A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art

> are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.
>
> Subject matter developed by another person, which qualifies as prior art only under subsection (f) and (g) of section 102 of this title, shall not preclude patentability under this section where the subject matter and the claimed invention were, at the time the invention was made, owned by the same person or subject to an obligation of assignment to the same person.

Claim 2 is rejected under 35 U.S.C. 103 as being unpatentable over Konno as applied to claim 1 above, and further in view of JP - 48-14205.

The reasons of record are repeated. Again see pg. 9 of the English translation of the Japanese reference i.e., lines 2-7, which permits "backspacing" of the message tape while the control signal (tone) is present.

5. Claim 3 is rejected under 35 U.S.C. 103 as being unpatentable over Konno considered with JP 48-14205 as applied to claim 2 above.

The reasons of record are repeated. As recited on column 4 lines 34-38 of Konno, only *after* the remote control signal (tone) ceases, the tape reverses direction; and additionally, see column 5, lines 56 to 66. The system in Konno is responsive to the *duration* of the tone signal.

6. Claim 4 is rejected under 35 U.S.C. 103 as being unpatentable over Konno as applied to claim 1 above, and further in view of JP 43-14205.

The reasons of record are repeated. The examiner maintains the rejection of the claim.

7. Claim 5 is rejected under 35 U.S.C. 103 as being unpatentable over Konno considered with JP 48-14205 as applied to claim 4 above.

The reasons of record are repeated. The examiner maintains the rejection of the claim.

8. The following is a quotation of 35 U.S.C. 103 which forms the basis for all obviousness rejections set forth in this Office action:

> A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences betwen the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.
>
> Subject matter developed by another person, which qualifies as prior art only under subsection (f) and (g) of section 102 of this title, shall not preclude patentability under this section where the subject matter and the claimed invention were, at the time the invention was made, owned by the same person or subject to an obligation of assignment to the same person.

Claims 1-5 are rejected under 35 U.S.C. 103 as being unpatentable over Konno considered with Silverman.

The reasons of record are maintained. This rejection has been presented in light of patent owners misinterpretation of his claims. The Silverman references teaches "electronic" counters and circuit elements to generate "electronic" clock pulses. The examiner maintains the equivalence of mechanical and electronic counters, and the presented rational for preferring "electronic" counters over mechanical counters.

9. THIS ACTION IS MADE FINAL. Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a). The practice of automatically extending the shortened statutory period an additional month upon the filing of a timely first response to a final rejection has been discontinued by the Office. See 1021 TMOG 35.

A SHORTENED STATUTORY PERIOD FOR RESPONSE TO THIS FINAL ACTION IS SET TO EXPIRE THREE MONTHS FROM THE DATE OF THIS ACTION. IN THE EVENT A FIRST RESPONSE IS FILED WITHIN TWO MONTHS OF THE MAILING DATE OF THIS FINAL ACTION AND THE ADVISORY ACTION IS NOT MAILED UNTIL AFTER THE END OF THE THREE-MONTH SHORTENED STATUTORY PERIOD, THEN THE SHORTENED STATUTORY PERIOD WILL EXPIRE ON THE DATE THE ADVISORY ACTION IS MAILED, AND ANY EXTENSION FEE PURSUANT TO 37 CFR 1.136(a) WILL BE CALCULATED FROM THE MAILING DATE OF THE ADVISORY ACTION. IN NO EVENT WILL THE STATUTORY PERIOD FOR RESPONSE

EXPIRE LATER THAN SIX MONTHS FROM THE DATE OF THIS FINAL ACTION.

A.M. Psitos/jrm
(703) 557-0470
2/24/87

cc: Spensley, Horn, Jubas & Lubitz
1880 Century Park East, Suite 500
Los Angeles, CA 90067

APPENDIX F

APPENDIX F

35 U.S.C.

§102. Conditions for patentability; novelty and loss of right to patent

A person shall be entitled to a patent unless —

(a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent, or

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States, or

(c) he has abandoned the invention, or

(d) the invention was first patented or caused to be patented, or was the subject of an inventor's certificate, by the applicant or his legal representatives or assigns in a foreign country prior to the date of the application for patent in this country on an application for patent or inventor's certificate filed more than twelve months before the filing of the application in the United States, or

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or on an international application by another who has fulfilled the requirements of paragraphs (1), (2), and (4) of section 371(c) of this title before the invention thereof by the applicant for patent, or

(f) he did not himself invent the subject matter sought to be patented, or

(g) before the applicant's invention thereof the invention was made in this country by another who had not abandoned, suppressed, or concealed it. In determining priority of invention there shall be considered not only the respective dates of conception and reduction to practice of the invention, but also the reasonable diligence of one who was first to conceive and last to reduce to practice, from a time prior to conception by the other.

(Amended July 28, 1972, Public Law 92-358, sec. 2, 86 Stat. 501; November 14, 1975, Public Law 94-131, sec. 5, 89 Stat. 691.)

§103. Conditions for patentability; non-obvious subject matter

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

Subject matter developed by another person, which qualifies as prior art only under subsection (f) or (g) of section 102 of this title, shall not preclude patentability under this section where the subject matter and the claimed invention were, at the time the invention was

made, owned by the same person or subject to an obligation of assignment to the same person.
(Added November 8, 1984, Public Law 98-622, sec. 103, 98 Stat. 3384.)

§112. Specification

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

A claim may be written in independent or, if the nature of the case admits, in dependent or multiple dependent form.

Subject to the following paragraph, a claim in dependent form shall contain a reference to a claim previously set forth and then specify a further limitation of the subject matter claimed. A claim in dependent form shall be construed to incorporate by reference all the limitations of the claim to which it refers.

A claim in multiple dependent form shall contain a reference, in the alternative only, to more than one claim previously set forth and then specify a further limitation of the subject matter claimed. A multiple dependent claim shall not serve as a basis for any other

multiple dependent claim. A multiple dependent claim shall be construed to incorporate by reference all the limitations of the particular claim in relation to which it is being considered.

An element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure, material, or acts in support thereof, and such claim shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents therof.
(Amended July 24, 1965, Public Law 89-83, sec. 9, 79 Stat. 261; November 14, 1975, Public Law 94-131, sec. 7, 89 Stat. 691.)

§141. Appeal to Court of Appeals for the Federal Circuit

An applicant dissatisfied with the decision in an appeal to the Board of Patent Appeals and Interferences under section 134 of this title may appeal the decision to the United States Court of Appeals for the Federal Circuit. By filing such an appeal the applicant waives his or her right to proceed under section 145 of this title. A party to an interference dissatisfied with the decision of the Board of Patent Appeals and Interferences on the interference may appeal the decision to the United States Court of Appeals for the Federal Circuit, but such appeal shall be dismissed if any adverse party to such interference, within twenty days after the appellant has filed notice of appeal in accordance with section 142 of this title, files notice with the Commissioner that the party elects to have all further proceedings conducted as provided in section 146 of this title. If the appellant does not,

within thirty days after filing of such notice by the adverse party, file a civil action under section 146, the decision appealed from shall govern the further proceedings in the case.
(Amended November 8, 1984, Public Law 98-622, sec. 203(a), 98 Stat. 3387.)

§251. Reissue of defective patents

Whenever any patent is, through error without any deceptive intenton, deemed wholly or partly inoperative or invalid, by reason of a defective specification or drawing, or by reason of the patentee claiming more or less than he had a right to claim in the patent, the Commissioner shall, on the surrender of such patent and the payment of the fee required by law, reissue the patent for the invention disclosed in the original patent, and in accordance with a new and amended application, for the unexpired part of the term of the original patent. No new matter shall be introduced into the application for reissue.

The Commissioner may issue several reissued patents for distinct and separate parts of the thing patented, upon demand of the applicant, and upon payment of the required fee for a reissue for each of such reissued patents.

The provisions of this title relating to applications for patent shall be applicable to applications for reissue of a patent, except that application for reissue may be made and sworn to by the assignee of the entire interest if the application does not seek to enlarge the scope of the claims of the original patent.

No reissued patent shall be granted enlarging the scope of the claims of the original patent unless applied

for within two years from the grant of the original patent.

§282. Presumption of validity; defenses

A patent shall be presumed valid. Each claim of a patent (whether in independent, dependent, or multiple dependent form) shall be presumed valid independently of the validity of other claims; dependent or multiple dependent claims shall be presumed valid even though dependent upon an invalid claim. The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.

The following shall be defenses in any action involving the validity or infringement of a patent and shall be pleaded:

(1) Noninfringement, absence of liability for infringement, or unenforceability,

(2) Invalidity of the patent or any claim in suit on any ground specified in part II of this title as a condition for patentability,

(3) Invalidity of the patent or any claim in suit for failure to comply with any requirement of sections 112 or 251 of this title,

(4) Any other fact or act made a defense by this title.

In actions involving the validity or infringement of a patent the party asserting invalidity or noninfringement shall give notice in the pleadings or otherwise in writing to the adverse party at least thirty days before the trial, of the country, number, date, and name of the patentee of any patent, the title, date, and page numbers of any publication to be relied upon as

anticipation of the patent in suit or, except in actions in the United States Claims Court, as showing the state of the art, and the name and address of any person who may be relied upon as the prior inventor or as having prior knowledge of or having previously used or offered for sale the invention of the patent in suit. In the absence of such notice proof of the said matters may not be made at the trial except on such terms as the court requires.

Invalidity of the extension of a patent term or any portion thereof under section 156 of this title because of the material failure —

(1) by the applicant for the extension, or

(2) by the Commissioner,

to comply with the requirements of such section shall be a defense in any action involving the infringement of a patent during the period of the extension of its term and shall be pleaded. A due diligence determination under section 156(d)(2) is not subject to review in such an action.

(Amended July 24, 1965, Public Law 89-83, sec. 10, 79 Stat. 261; November 24, 1975, Public Law 94-131, sec. 10, 89 Stat. 692; September 24, 1984, Public Law 98-417, sec. 203, 98 Stat. 1603.)

§301. Citation of prior art

Any person at any time may cite to the Office in writing prior art consisting of patents or printed publications which that person believes to have a bearing on the patentability of any claim of a particular patent. If the person explains in writing the pertinency and manner of applying such prior art to at least one claim of the patent, the citation of such prior

art and the explanation thereof will become a part of the official file of the patent. At the written request of the person citing the prior art, his or her identity will be excluded from the patent file and kept confidential. (Added December 12, 1980, Public Law 96-517, sec. 1, 94 Stat. 3015.)

§302. Request for reexamination

Any person at any time may file a request for reexamination by the Office of any claim of a patent on the basis of any prior art cited under the provisions of section 301 of this title. The request must be in writing and must be accompanied by payment of a reexamination fee established by the Commissioner of Patents pursuant to the provisions of section 41 of this title. The request must set forth the pertinency and manner applying cited prior art to every claim for which reexamination is requested. Unless the requesting person is the owner of the patent, the Commissioner promptly will send a copy of the request to the owner of record of the patent.
(Added December 12, 1980, Public Law 96-517, sec. 1, 94 Stat. 3015.)

§303. Determination of issue by Commissioner

(a) Within three months following the filing of a request for reexamination under the provisions of section 302 of this title, the Commissioner will determine whether a substantial new question of patentability affecting any claim of the patent concerned is raised by the request, with or without consideration of other patents or printed publications. On his own initiative, and any time, the Commissioner

may determine whether a substantial new question of patentability is raised by patents and publications discovered by him or cited under the provisions of section 301 of this title.

(b) A record of the Commissioner's determination under subsection (a) of this section will be placed in the official file of the patent, and a copy promptly will be given or mailed to the owner of record of the patent and to the person requesting reexamination, if any.

(c) A determination by the Commissioner pursuant to subsection (a) of this section that no substantial new question of patentability has been raised will be final and nonappealable. Upon such a determination, the Commissioner may refund a portion of the reexamination fee required under section 302 of this title.
(Added December 12, 1980, Public Law 96-517, sec. 1, 94 Stat. 3015.)

§304. Reexamination order by Commissioner

If, in a determination made under the provisions of subsection 303(a) of this title, the Commissioner finds that a substantial new question of patentability affecting any claim of a patent is raised, the determination will include an order for reexamination of the patent for resolution of the question. The patent owner will be given a reasonable period, not less than two months from the date a copy of the determination is given or mailed to him, within which he may file a statement on such question, including any amendment to his patent and new claim or claims he may wish to propose, for consideration in the reexamination. If the patent owner files such a statement, he promptly will serve a copy of it on the person who has requested

reexamination under the provisions of section 302 of this title. Within a period of two months from the date of service, that person may file and have considered in the reexamination a reply to any statement filed by the patent owner. That person promptly will serve on the patent owner a copy of any reply filed.
(Added December 12, 1980, Public Law 96-517, sec. 1, 94 Stat. 3016.)

§305. Conduct of reexamination proceedings

After the times for filing the statement and reply provided for by section 304 of this title have expired, reexamination will be conducted according to the procedures established for initial examination under the provisions of sections 132 and 133 of this title. In any reexamination proceeding under this chapter, the patent owner will be permitted to propose any amendment to his patent and a new claim or claims thereto, in order to distinguish the invention as claimed from the prior art cited under the provisions of section 301 of this title, or in response to a decision adverse to the patentability of a claim of a patent. No proposed amended or new claim enlarging the scope of a claim of the patent will be permitted in a reexamination proceeding under this chapter. All reexamination proceedings under this section, including any appeal to the Board of Patent Appeals and Interferences, will be conducted with special dispatch within the Office.
(Added December 12, 1980, Public Law 96-517, sec. 1, 94 Stat. 3016; Amended November 8, 1984, Public Law 98-622, Sec. 204 (c), 98 Stat. 3388.)

§306. Appeal

The patent owner involved in a reexamination proceeding under this chapter may appeal under the provisions of section 134 of this title, and may seek court review under the provisions of sections 141 to 145 of this title, with respect to any decision adverse to the patentability of any original or proposed amended or new claim of the patent.
(Added December 12, 1980, Public Law 96-517, sec. 1, 94 Stat. 3016.)

§307. Certificate of patentability, unpatentability, and claim cancellation

(a) In a reexamination proceeding under this chapter, when the time for appeal has expired or any appeal proceeding has terminated, the Commissioner will issue and publish a certificate canceling any claim of the patent finally determined to be unpatentable, confirming any claim of the patent determined to be patentable, and incorporating in the patent any proposed amended or new claim determined to be patentable.

(b) Any proposed amended or new claim determined to be patentable and incorporated into a patent following a reexamination proceeding will have the same effect as that specified in section 252 of this title for reissued patents on the right of any person who made, purchased, or used anything patented by such proposed amended or new claim, or who made

substantial preparation for the same, prior to issuance of a certificate under the provisions of subsection (a) of this section.
(Added December 12, 1980, Public Law 96-517, sec. 1, 94 Stat. 3016.)

§1.565 Concurrent office proceedings

(a) In any reexamination proceeding before the Office, the patent owner shall call the attention of the Office to any prior or concurrent proceedings in which the patent is or was involved such as interferences, reissue, reexaminations, or litigation and the results of such proceedings.

(b) If a patent in the process of reexamination is or becomes involved in litigation or a reissue application for the patent is filed or pending, the Commissioner shall determine whether or not to stay the reexamination or reissue proceeding.

(c) If reexamination is ordered while a prior reexamination proceeding is pending, the reexamination proceedings will be consolidated and result in the issuance of a single certificate under §1.570.

(d) If a reissue application and a reexamination proceeding on which an order pursuant to §1.525 has been mailed are pending concurrently on a patent, a decision will normally be made to merge the two proceedings or to stay one of the two proceedings. Where merger of a reissue application and a reexamination proceeding is ordered, the merged examination will be conducted in accordance with §§1.171 through 1.179 and the patent owner will be required to place and maintain the same claims in the reissue application and the reexamination proceeding during the pendency of the merged proceeding. The examiner's actions and any responses by the patent owner in a merged proceeding will apply to both the reissue application and the reexamination proceeding

and be physically entered into both files. Any reexamination proceeding merged with a reissue application shall be terminated by the grant of the reissued patent.

(e) If a patent in the process of reexamination is or becomes involved in an interference, the Commissioner may stay reexamination or the interference. The Commissioner will not consider a request to stay an interference unless a motion (§1.635) to stay the interference has been presented to, and denied by, an examiner-in-chief and the request is filed within ten (10) days of a decision by an examiner-in-chief denying the motion for a stay or such other time as the examiner-in-chief may set.

(46 FR 29185, May 29, 1981, as amended at 47 FR 21753, May 19, 1982; 49 FR 48455, Dec. 12, 1984; 50 FR 23123, May 31, 1985.)

2242 Criteria for Deciding Request [R-4]

SUBSTANTIAL NEW QUESTION OF PATENTABILITY

The presence or absence of "a substantial new question of patentability" determines whether or not reexamination is ordered. The meaning and scope of the term "a substantial new question of patentability" is not defined in the statute and must be developed to some extent on a case-by-case basis. In making a determination whether or not "a substantial new question of patentability" is present the examiner must consider the materiality of the prior art patents and printed publications to the claims of the patent for which reexamination is requested. If the prior art patents and printed publications are material to the reexamination of at least one claim of the patent, then a substantial new question of patentability is present, unless it is clear to the examiner that the same question of patentability has already been decided by →(1)← a federal court or →(2)← by the Office either in the original examination →, the examination of a reissue patent,← or an earlier concluded reexamination. →The answer to the question of whether "a substantial new question of patentability" exists, and therefore whether reexamination may be had, is decided by the Commissioner, and, as 35 U.S.C. 303 provides, that determination is final, i.e. not subject to appeal. See *In re Etter*, 225 USPQ 1 (Fed. Cir. 1985).←

A prior art patent or printed publication is material to the examination of a claim of the patent where there is substantial likelihood that a reasonable examiner

would consider the prior art patent or printed publication important in deciding whether or not the claim is patentable. Thus, in making the determination on the request the examiner should consider the materiality of the prior art patents and/or printed publications and, if they are found to be material, should find "a substantial new question of patentability" unless the same question of patentability has already been decided as to the claim by a federal court or favorably by the Office. For example, the same question of patentability may have already been decided by the Office where the examiner finds the additional prior art patents or printed publications are merely cumulative to similar prior art already fully considered by the Office in a previous examination of the claim.

For "a substantial new question of patentability" to be present it is only necessary that (1) the prior art patents and/or printed publications be material to the examination of at least one claim and (2) the same question of patentability as to the claim has not been decided by the Office in a previous examination or by the federal courts in a decision on the merits involving the claim. It is not necessary that a "prima facie" case of unpatentability exist as to the claim in order for "a substantial new question of patentability" to be present as to the claim. Thus, "a substantial new question of patentability" as to a patent claim could be present even if the examiner would not necessarily reject the claim as either fully anticipated by, or obvious in view of, the prior patents or printed publications. The difference between "a substantial new question of patentability" and a "prima facie" case of unpatentability is important.

In order to further clarify the meaning of "a substantial new question of patentability" certain situations are outlined below which, if present, should be considered when making a decision as to whether or not "a substantial new question of patentability" is present.

POLICY IN SPECIFIC SITUATIONS

1. Prior Favorable Decisions by the Patent and Trademark Office on the Same or Substantially Identical Prior Art in Relation to the Same Patent

If the Office has previously decided the same question of patentability as to a patent claim favorable to the patent owner based on the same or substantially identical prior art patents or printed publications it is unlikely that "a substantial new question of patentability" will be present absent a showing that material new arguments or interpretations raise "a substantial new question of patentability." Material new arguments or interpretations can raise "a substantial new question of patentability" as to prior art patents or printed publications already considered by the Office. →In this regard see *Ex Parte Chicago Rawhide Manufacturing Co.*, 223 USPQ 351 (PTO Bd. App. 1984).← However, the "substantial new question" requirement would generally mean that an argument presented which has been already decided by the Office as to a particular claim would not raise "a substantial new question of patentability" as to that claim.

2. Prior Adverse Decisions by the Office on the Same or Substantially Identical Prior Art in the Same Patent

A prior decision adverse to the patentability of a claim of a patent by the Office based upon prior art patents or printed publications would usually mean that "a substantially new question of patentability" is present. such an adverse decision by the Office could arise from a reissue application which was abandoned after rejection of the claim and without disclaiming the patent claim.

3. Prior Adverse Reissue Application Final Decisions by a Commissioner or the Board of →Patents← Appeals →and Interferences← Based Upon Grounds Other Than Patents or Printed Publications

Any prior adverse final decision by a Commissioner, or the Board of →Patents← Appeals →and Interferences,← on an application seeking to reissue the same patent on which reexamination is requested will be considered by the examiner when determining whether or not "a substantial new question of patentability" is present. To the extent that such prior adverse final decision was based upon grounds other than patents or printed publications the prior adverse final decision will not be considered in determining whether or not "a substantial new question of patentability" is present. If a prior final decision by the Board of →Patents← Appeals →and Interferences← in a reissue application affirmed the rejection of patent claims on grounds other than patents or printed publications, for example, because of fraud in obtaining the original patent, such information will be noted on the certificate.

4. Prior Favorable or Adverse Decisions on the Same or Substantially Identical Prior Patents or Printed Publications in Other Cases not Involving the Patent.

While the Office would consider decisions involving substantially identical patents or printed publications in determining whether a "substantial new question of patentability" is raised, the weight to be given such decisions will depend upon the circumstances. For example, if the Office has used the same or substantially identical prior art to reject the same or similar claims in another application or patent under reexamination, this would be considered as being material in making a determination. Similarly, if a foreign patent office or a foreign court has used the same or substantially identical prior art to reject or invalidate the same or similar claims, this would be considered as being material in making the determination. Likewise, if a United States Court has invalidated similar claims in another patent based on the same or substantially identical prior patents or printed publications, this would be considered as being material in making the determination. Favorable decisions on the same or substantially identical prior patents or printed publications in other cases would be considered, but would not be controlling.

POLICY WHERE A FEDERAL COURT DECISION HAS BEEN ISSUED ON THE PATENT

If a federal court decision *on the merits* of a patent is known to the examiner at the time the determination on the request for reexamination is made, the following guidelines will be followed by the examiner, whether or not the person who filed the request was a party to the litigation:

(1) No substantial new question of patentability will be found based on (a) the same prior art which was

before the federal court; (b) prior art which is merely cumulative to that which was before the court; and (c) issues which were actually solved on the merits by the court.

(2) In making the determination the examiner will compare the prior art and issues raised in the request with the prior art before the federal court and the issues resolved on the merits by the court, without regard to either the finality of the court decision or whether the claims were held valid or invalid.

(3) Where the claims were all held invalid by a federal court decision for any reason no substantial new question of patentability will be found.

(4) Where claims have been held valid by the federal court, reexamination will be ordered by the examiner if (a) additional prior art is relied on which is not merely cumulative to that before the court; (b) the additional prior art raises issues which were not resolved on the merits by the court; and (c) the additional prior art is material to the examination of at least one claim.

(5) Where the patent contains claims in addition to those upon which the federal court ruled, reexamination will be ordered if (a) a substantial new question of patentability as to those additional claims is present and (b) the same question was not resolved by the court in its decision.

(6) →In making the determination on a request, a consent judgment that claims are valid will be treated as a decision on the merits insofar as the parties to the litigation (or their proxy) are concerned. A consent judgment of validity or invalidity hs no effect as to requests filed by a person not a party to the litigation.←

(→7←) All determinations on requests for reexamination which the examiner makes after a federal court decision must be approved by the examining group director.

Prior Decisions by a Federal Court on the Same or Substantially Identical Prior Art in Relation to the Same Patent

A decision on the merits by a federal court will normally be controlling as to whether or not "a substantial new question of patentability" exists on the same, or substantially the same, prior art. Thus, the Office will not find "a substantial new question of patentability" to be present where the patent owner had obtained a decision, either favorable or adverse, in a federal court on the same or substantially identical prior art. Furthermore, the Office will not find "a substantial new question of patentability" to exist where such a question has actually been resolved by a federal court on the merits.

CLAIMS HELD VALID

Where additional prior art is relied upon in the request, and claims were held valid by the court, consideration will be given as to whether or not the additional prior art is merely cumulative. If the prior art is merely cumulative, no substantial new question of patentability is present. However, if the additional prior art is not cumulative, consideration will be given as to whether or not the additional prior art presents a substantial new question of patentability.

ALL CLAIMS INVALID

Where a federal court decision has held all of the claims in the patent to be invalid for any reason, no substantial new question of patentability will be found by the Patent and Trademark Office, even if material additional prior art is presented in a request. Since a federal court has already decided that the patent claims are invalid, no reason is seen for using Office resources to consider the matter further. The Office will give full faith and credit to the court decision. Reexamination should be denied as there is no substantial new question of patentability.

ONLY SOME CLAIMS INVALID

Where a request for reexamination has been filed in a patent in which a federal court decision has been issued holding less than all of the claims invalid, only those claims not held invalid will be considered to determine if "a substantial new question of patentability" is present.

If reexamination is ordered, the reexamination will only be made as to those claims not held invalid by the court decision. The claims held invalid by the court decision will not be reexamined and the order and certificate will so indicate.

→CONSENT JUDGEMENT

A consent judgment is treated differently than a court decision on the merits. If a request for reexamination is filed by a person who was not a party to the litigation, the request may present a substantial new question of patentability even though the question

was agreed upon by the interested parties in the consent judgment. Since an agreement is only binding as to the parties involved, it is not a final resolution of the matter as to other members of the public or the Office. See *Houston Atlas Inc. et al v. Del Mar Scientific, Inc. et al*, 217 USPQ 1032, 1037 (N.D. Tex. 1982).

A consent judgment is treated as a "decision on the merits" as to the parties of the litigation, and is controlling as to all of the claims covered in the consent judgment with regard to *any* prior art (before the court or otherwise).

If the consent judgment does not cover all of the claims in the reexamination, the reexamination should be ordered only as to those claims not covered by the consent judgment. The claims covered by the consent judgment will not be addressed in the reexamination in view of the consent judgment.

A stipulated dismissal is not considered to be "a decision on the merits." See *In re Long*, 230 USPQ 559 (Comr. Pats. 1986).←

Any situations requiring clarification should be brought to the attention of the Office of the Assistant Commissioner for Patents.

2286 Reexamination and Litigation Proceedings [R-4]

The federal courts and the Patent and Trademark Office are jointy responsible for the overall administration of the patent system. In view of that joint responsibility, and since maximum benefit to the patent system occurs when the Office and the federal courts act in harmony, it is the policy of the Office that it will not "relitigate" in a reexamination proceeding an issue

of patentability which has been resolved by a federal court on the merits after a thorough consideration of the prior art called to its attention in an adversary context. See *In re Pearne et al.* 212 USPQ 466 (Comr. Pat. 1981).

While it is the policy of the Office to act in harmony with the federal courts, 35 U.S.C. 302 permits a request for reexamination to be filed "at any time." Thus, requests for reexamination are frequently filed where the patent for which reexamination is requested is involved in concurrent litigation. The guidelines set forth below will generally govern Office handling of reexamination requests where there is concurrent litigation in the federal courts.

COURT ORDERED REEXAMINATION PROCEEDING OR LITIGATION STAYED FOR REEXAMINATION

Any request for reexamination which indicates that it is filed as a result of an order by a court or that litigation is stayed for the filing of a reexamination request will be taken up by the examiner for decision six weeks after the request was filed. See →MPEP← 2241. If reexamination is ordered, the examination following the statement by the patent owner under *→37 CFR← 1.530 and the reply by the requester under *→37 CFR← 1.535 will be expedited to the extent possible. Office actions in this reexamination proceedings will normally set a one month shortened statutory period for response rather than the two months usually set in reexamination proceedings. See *→MPEP← 2263. This one month period may be extended only upon a showing of sufficient cause. See *→MPEP← 2265. See generally *Raytek, Inc. v. Solfan Systems Inc.*, 211 USPQ

405 (N.D. Cal., 1981); *Dresser Industries, Inc. v. Ford Motor Co., et al,* 211 USPQ 1114 (N.D., Texas 1981); *Digital Magnetic Systems, Inc. v. Ansley,* 213 USPQ 290 (W. D. Okla., 1982); **Gould v. Control Laser Corp.,* 217 USPQ 985 (*→Fed. Cir.← 1983); →*The Toro Co. v. R. L. Nelson Corp.,* 233 USPQ 636 (C.D. Ill. 1984); *In re Vamco Machine and Tool, Inc.,* 224 USPQ 617 (Fed. Cir. 1985); and *Loffland Bros. Co. v. Mid-Western Energy Corp.,* 225 USPQ 886 (W.D. Okla 1985).←

FEDERAL COURT DECISION KNOWN TO EXAMINER AT THE TIME THE DETERMINATION ON THE REQUEST FOR REEXAMINATION IS MADE

If a federal court decision *on the merits* of a patent is known to the examiner at the time the determination on the request for reexamination is made, the following guidelines will be followed by the examiner, whether or not the person who filed the request was a party to the litigation:

(1) No substantial new question of patentability will be found based on (a) the same prior art which was before the federal court; (b) prior art which is merely cumulative to that which was before the court; and (c) issues which were actually resolved on the merits by the court.

(2) In making the determination the examiner will compare the prior art and issues raised in the request with the prior art before the federal court and the issues resolved on the merits by the court, without regard to either the finality of the court decision or whether the claims were held valid or invalid.

(3) Where the claims were all held invalid by a federal court decision for any reason no substantial new question of patentability will be found.

(4) Where claims have been held valid by the federal court, reexamination will be ordered by the examiner if (a) additional prior art is relied on which is not merely cumulative to that before the court; (b) the additional prior art raises issues which were not resolved on the merits by the court; and (c) the additional prior art is material to the examination of at least one claim.

(5) Where the patent contains claims in addition to those upon which the federal court ruled, reexamination will be ordered if (a) a substantial new question of patentability as to those additional claims is present and (b) the same question was not resolved by the court in its decision.

→(6) In making the determination on a request, a consent judgment that claims are valid will be treated as a decision on the merits insofar as the parties to the litigation (or their proxy) are concerned. A consent judgment of validity or invalidity has no effect as to requests filed by a person not a party to the litigation.←

(7) All determinations on requests for reexamination which the examiner makes after a federal court decision must be approved by the examining group director.

For a discussion of the policy in specific situations where a federal court decision has been issued see *→MPEP← 2242.

REEXAMINATION WITH CONCURRENT LITIGATION BUT ORDERED PRIOR TO FEDERAL COURT DECISION

In view of the statutory mandate to make the determination on the request within three months, the Office realistically has no choice but to make the determination on the request based on the record before the examiner without awaiting a decision by the Federal court. It is not realistic to attempt to determine what issues will be treated by the Federal court prior to the court decision. Accordingly, the determination on the request will be made without considering the issues allegedly before the court. If reexamination is ordered the reexamination will continue until the Office becomes aware that a trial on the merits has begun at which time the reexamination proceeding normally will be stayed, *sua sponte* by the examining group director unless a proper petition to stay has been filed which is not rendered moot by the *sua sponte* stay. Such petition will be referred to the Office of the Assistant Commissioner for Patents. →See generally *Patlex Corporation v. Mossinghoff*, 252 USPQ 243, 252 (Fed. Cir. 1985).← The patent owner is required by 37 CFR 1.565(a) to call the attention of the Office to any prior or concurrent proceeding in which the patent is or was involved and thus has an obligation to promptly notify the Office that a trial on the merits has begun in the Federal court.

FEDERAL COURT DECISION ISSUES AFTER REEXAMINATION ORDERED

Pursuant to 37 CFR 1.565(a), the patent owner in a reexamination proceeding must promptly notify the

Office of any Federal court decision involving the patent. Where the reexamination proceeding is currently stayed and the court decision issues, or the Office becomes aware of a court decision relating to a pending reexamination proceeding, the order to reexamine is reviewed to see if a substantial new question of patentability is still present. If no substantial new question if patentability is present the order to reexamine is vacated by the examining group director and reexamination is terminated. See *In re Hunter*, 213 USPQ 211 (Comr. Pats. 1982); and *In re Wichterle* et al, 213 USPQ 868 (Comr. Pats. 1982).

In making the review after the court decision the examiner will follow the same guidelines set forth above when making a determination after a court decision. If the review reveals that only different nonoverlapping issues are present, the reexamination proceeding will continue on the different nonoverlapping issues and any previously ordered stay will be lifted after the lower court's decision. If the review reveals that any of the different issues are, or may be, overlapping with the issues decided by the court, the reexamination proceeding will be stayed, *sua sponte*, by the examining group director and any previously ordered stay will be continued until the court decision becomes final.

Once the court decision is issued it is controlling. In circumstances where vacating the order is not appropriate, claims not under consideration because of the court decision will be indicated as having been withdrawn from consideration because of the court decision. Since claims held invalid will be withdrawn from consideration and not reexamined during a reexamination proceeding no rejection on the ground

of collateral estoppel will be appropriate in reexamination.

*A consent judgment is treated as a "decision on the merits" as to the parties of the litigation, and is controlling as to all of the claims covered in the consent judgment with regard to *any* prior art (before the court or otherwise). If a consent judgment between the patent owner and the reexamination requester issues, the reexamination proceeding should be reviewed to determine whether a substantial new question of patentability remains. If the consent judgment covers all of the claims in the reexamination, notwithstanding the prior art, the order to reexamine should be vacated by the group director and the reexamination terminated (with refund provided in 37 CFR 1.26(c)). In this regard see *In re Johnson*, 230 USPQ 240 (Comm. Pats. 1986). If the consent judgment does not cover all of the claims in the reexamination, the reexamination should continue only as to those claims not covered by the consent judgment. The claims covered by the consent judgment should be noted as not being addressed in the reexamination in view of the consent judgment.

A consent judgment has no affect on a reexamination filed by a person who is not a party to the consent judgment. Since a consent judgment is only binding as to the parties involved, it is not a final resolution of the matter as to other members of the public or the Office. See *Houston Atlas v. Del Mar Scientific*, 217 USPQ 1032, 1037 (N.D. Tex. 1982).

A stipulated dismissal is not considered to be a "decision on the merit".←

PETITION TO STAY REEXAMINATION PROCEEDING BECAUSE OF LITIGATION

Any petition to stay a reexamination proceeding, because of litigation, which is filed prior to the determination (*→37 CFR← 1.515) and order to reexamine (*→37 CFR← 1.525) will not be considered, but will be returned to the party submitting the same by the examining group director. The decision returning such a premature petition will be made of record in the reexamination file, but no copy of the petition will be retained by the Office. See *→MPEP← 2267.

A petition →under 37 CFR 1.182← to stay the reexamination proceeding because of litigation may be filed by the patent owner as a part of the patent owner's statement under →*37 CFR← 1.530 or subsequent thereto. If a party to the litigation, other than the patent owner, is a requester of the reexamination, that party may petition →under 37 CFR 1.182← to stay the reexamination proceeding only if a reply pursuant to →*37 CFR← 1.535 is proper. Otherwise the requester may only notify the Office of the litigation pursuant to *→37 CFR←1.565(a) and *→MPEP← 2282. If the other party to litigation is not the requester, any petition by that party is improper under *→37 CFR← 1.550(e) and will not be considered. Any such improper petitions will be returned to the party submitting the same by the examining group director. Petitions to stay, filed subsequent to the date of the order for reexamination, will be referred to the Office of the Assistant Commissioner for Patents for decision. All decisions on the merits of petitions to stay reexamination proceedings because of litigation will be made in the Office of the Assistant Commissioner for Patents on a case-by-case basis. If a timely petition to

stay is filed, the examiner should forward the reexamination and patent files to the Office of the Assistant Commissioner for Patents for consideration.

LITIGATION REVIEW AND GROUP DIRECTOR APPROVAL

In order to ensure that the Office is aware of prior or concurrent litigation the examiner is responsible for conducting a reasonable investigation for evidence as to whether the patent for which reexamination is requested has been or is involved in litigation. The investigation will include a review of the reexamination file, the patent file, and the litigation records maintained in the law library including the litigation card files and Shepard's U.S. Citations.

If the examiner discovers, *at any time* during the reexamination proceeding, that there is litigation or that there has been a federal court decision on the patent, the fact will be brought to the attention of the group director prior to any further action by the examiner. The group director must approve any action taken by the examiner in such circumstances.

FEDERAL COURT DECISION CONTROLLING IN REEXAMINATION PROCEEDING

Once a federal court has ruled upon the merits of a patent and reexamination is still appropriate under the guidelines set forth above, the federal court decision will be considered controlling and will be followed as to issues resolved on the merits by the court. The reexamination proceeding will be stayed where appropriate until the court decision becomes final. A

consent judgment is not controlling as to requests filed by a person not a party to the litigation. →See *Houston Atlas, Inc. et al v. Del Mar Scientific, Inc. et al,* 217 USPQ 1032, 1037 (N.D. Tex. 1982).←

APPENDIX G

APPENDIX G

1. In a telephone answering system for responding to telephone messages received over a telephone line and which includes a message storage means for recording the message, the combination of: a tone sensing circuit coupled to the telephone line for sensing a tone signal of a predetermined frequency received over the line and for producing an output in response thereto; first circuit means coupled to said tone sensing circuit and responsive to said output for introducing a rewind control signal to the telephone answering system and to cause said message storage means to return to a reference position; an up-down counter for measuring the displacement of said message storage means from its reference position; second circuit means coupled to said up-down counter for terminating said rewind signal when said message storage means is returned to said reference position and for then introducing a playback control signal to the telephone answering system to cause the telephone answering sytem to transmit the messages recorded on said message storage means over the telephone line; third circuit means coupled to said message storage means for introducing clock pulses to said up-down counter when said message storage means is activated; and fourth circuit means coupled to said second circuit means for causing said up-down counter to count from a reference count to a further count as said message storage means is being returned to its reference position, and for causing said up-down counter to return to its reference count as the telephone answering system is transmitting the messages recorded on said message storage means, said second circuit means terminating the introduction of said playback control

signal to the telephone answering system when said up-down counter returns to its reference count.

(2)

No. 88-9

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1988

PHONE-MATE, INC.,

Petitioner,

vs.

FORTEL CORPORATION,

Respondent.

BRIEF FOR RESPONDENT IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

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QUESTION PRESENTED

Petitioner contends that the question presented is whether the Federal Circuit erred "by creating" two allegedly disparate rules for interpreting a patent claim. In fact, as Respondent will demonstrate herein, the Federal Circuit was merely applying rules of construction derived from precedents of this court. Accordingly, Respondent's view of the question presented is:

Whether the Court of appeals for the Federal Circuit erred in holding, as a matter of law, that claim 1 of Respondent's patent No. 3,903,369 is not anticipated under 35 USC 102(e) and that claims 2 and 3 are not invalid for obviousness under 35 USC 103, in view of the prior art Konno Patent No. 3,894,188, when the claims are construed in the context of the specification.

LIST OF THE PARTIES

All parties to the present controversy are indicated in the caption.

In accordance with Rule 28.1 of the Rules of the Supreme Court, respondent, Fortel Corporation, is a wholly owned subsidiary of National Medical Enterprises, Inc.

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In the
Supreme Court
of the United States

October Term, 1988

PHONE-MATE, INC.,

Petitioner,

v.

FORTEL CORPORATION,

Respondent.

BRIEF FOR RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

This case comes before the Court on a Petition by Phone-Mate Inc., defendant-appellee below, for a Writ of Certiorari. At issue is a judgment of the United States Court of Appeals for the Federal Circuit which reversed and remanded a judgment of the United States District Court for the Central District of California granting Phone-Mate's motion for summary judgment that claim 1 of Fortel's Patent No. 3,903,369 ("'369") for "Telephone Answering System With Remote Playback" is invalid for anticipation under 35 USC 102(e) and that claims 2 and 3 were invalid for obviousness under 33 USC 103. The opinion of the Federal Circuit is unreported because, according to a note appended thereto, "it does not add significantly to the body of law and is not of widespread legal interest."

STATEMENT OF THE CASE

The District Court had found claim 1 of Respondent's patent invalid for anticipation under 35 USC 102(e). Claim 1 recites, inter alia, "third circuit means coupled to said message storage means for introducing clock pulses to said up-down counter when said message storage means is activated."

The District Court held that the recited "clock pulses" are produced by the mechanical counters of the prior art Konno device.

By referring to the specification of Respondent's patent, the Federal Circuit determined that that when the specification speaks only in terms of "clock pulses" it must be understood, in the context of an electrical circuit, that the pulses of claim 1 are electrical.

An Examiner in the Patent and Trademark Office ("PTO") in a copending Re-examination proceeding, specifically "Giving the claim language the broadest reasonable interpretation, . . .", rejected the claim on the basis of the Konno patent. Respondent appealed the Examiner's decision to the PTO Board of Appeals, where the matter is still pending. If the rejection is upheld, an appeal could be taken to the Federal Circuit. If the rejection is reversed, the PTO may thereafter issue a Certificate of Patentability confirming that the claim was determined to be patentable, whereupon the pleadings in the District Court can be appropriately amended and become the subject of resumed trial at the District Court level.

SUMMARY OF ARGUMENT

This is an ordinary case of patent infringement which does not raise any issue of widespread public interest nor any substantial question of federal law. Respondent concedes (brief page 19) that "only a few cases" present the alleged conflict between the rules of patent claim construction in judicial decisions as against PTO decisions. The dichotomy which Petitioner suggests is nonexistent. As a matter of sound administrative procedure the Federal Circuit has stated that, in the public interest, the PTO shall give claims their broadest reasonable interpretation consistent with the specification to reduce the possibility that claims, finally allowed, will be given broader scope than justified. Consistent with Constitutionally based long established precedent of this Court, the Federal Circuit applies the rule that in patent litigation, where the fate of a patent is involved, liberality, rather than strictness, should prevail in the interpretation of the patent claim. This result is entirely consistent with the public interest and with the aims of the Patent Reexamination Statute, 35 U.S.C. Section 301, et. seq., especially that of increasing investor confidence in the certainty of patent rights.

Under either Petitioner's or Respondent's view of the question presented, this Court should decline review at this time. The petition is premature. Respondent's patent is the subject of a pending appeal in the PTO whose ultimate decision will be the subject of a further appeal to the Federal Circuit, either directly or via further proceedings in the trial court. The Federal Circuit will then have the opportunity to state its considered views as to the alleged disparity of

rules of claim construction complained of by Petitioner, after which the question presented may be ripe for review.

ARGUMENT

In the Petitioner's view, the Federal Circuit has "erred by creating" two allegedly disparate rules of claim construction. In support of that position Petitioner contends that decisions of this Court do not support the Federal Circuit's view that a claim must be construed to uphold its validity, if possible.

In fact, the rule followed by the Federal Circuit was a well established principle of claim construction in this Court by the time of *The Providence Rubber Company v. Goodyear*, 76 U.S. 788 (1869), wherein the Court stated "But liberality, rather than strictness, should prevail where the fate of the patent is involved, and the question to be decided is whether the inventor shall hold or lose the fruits of his genius and his labors. *Corning v. Burden*, 15 How., *Battin v. Taggert*, 17 How., 74 [58 U.S., XV., 37]."

A reason for the rule stated in *Winans v. Denmead*, 56 U.S. 330, at 341 (1853), is that a liberal construction is "in accordance with the design of the Constitution and the Patent laws of the United States to promote the progress of the useful arts . . .".

Here, the Federal Circuit determined thst the "clock pulses" of claim 1 are electrical pulses, "it being understood that in the context of an electrical circuit that the pulses are electrical". Petitioner contends that *Klein v. Russell*, 86 U S. 433 (1864) and *Turrill v. Michigan Southern and Northern Ind. R.R.*, 680 U.S. 491

(1864) do not sanction the Federal Circuit's thus resorting to the specification in order to construe the phrase "clock pulses" expressly stated in claim 1. Respondent suggests that Petitioner has misapprehended the rationale of *Klein* and *Turrill* since in both cases, as is apparent from the opinions, this Court construed the language of the claims in the context of the whole patent.

Petitioner's reliance on *White v. Dunbar*, 119 U.S. 47, 51-52 (1886) is entirely misplaced. There, the Court found the claim of a reissue patent invalid because it was entirely unsupported by the specification of the original patent. The reissue broadly claimed "enveloping material" while the original patent specification and claim raised not the slightest implications that the patentee contemplated anything other than a textile fabric. It was in that context that the Court made the "nose of wax" statement which Petitioner quotes at page 12 of its brief, *except* for the omission of the only part of the Court's statement which is relevant to the present case.

> "The context [i.e., the patent specification] may undoubtedly be resorted to, and often is resorted to, for the purpose of better understanding the claim, but not for the purpose of changing it and making it different from what it is."

Resort to the specification is precisely what the Federal Circuit did in this case.

It has long been the rule that the entire patent must be construed together and effect given to all its parts as members of a single indivisible instrument. As stated by Justice Story in *Carver v. Braintree Mfg. Co.*, 5

Fed.Cas. 235 (1843), at page 240, "There is no artificial or universal rule of interpretation of such instrument beyond that which common sense furnishes, which is to construe the instrument as a whole, and to extract from the descriptive words and the claim what the invention is which is intended to be patented, and how far it is capable of exact ascertainment, and how far it is maintainable in point of law, supposing it clear from all ambiguity". Indeed, in *Klein*, in upholding the patent claim, the Court construed it in the light of the descriptive portion of the patent.

In the case at bar, the Federal Circuit noted that in a PTO reexamination proceeding claims are given their broadest reasonable interpretation consistent with the specification, citing *In re Yamamoto*, 740 F.2nd 1569 (Fed. Circ. 1984) In *Yamamoto*, at page 1571, the Court explained the rationale for the PTO standard of interpretation as follows:

> "This approach serves the public interest by reducing the possiblilty that claims, finally allowed, will be given broader scope than is justified. Applicants' interests are not impaired since they are not foreclosed from obtaining appropriate coverage for their invention with express claim language".

Petitioner contends that disparate rules of patent claim construction frustrate the goals of the patent reexamination statute, 35 U.S.C. Section 301 et seq.

Petitioner first argues that the Federal Circuit's diaparate rules lead to increased expense, i.e., as here, two different actions in two different forums to decide a single issue. It should be noted that Petitioner (who initiated PTO reexamination), not Respondent, is the

cause of that result in this case. Besides, the possibility of ccncurrent actions in the PTO and the courts is inherent in the scheme of the Patent Act.

Petitioner's second argnment, that courts are not given the benefit of PTO expertise if the courts are required to apply a standard different from that applied in the Patent Office, is a non sequitur. Witness the result in the present case where the District Court relied almost entirely on the PTO Examiner's decision in granting summary judgment of invalidity to the Petitioner.

Finally, Petitioner contends that the reexamination statute is frustrated because consistent claim determinations are precluded by the use of two distinct rules of claim construction. On the contrary, as the Federal Circuit noted in *Yamamoto*, the requirement for the PTO to broadly interpret claims during examination of a patent application, or of a patent in reexamination, is an approach that serves the public interest by reducing the possibility that claims finally allowed will be given broader scope than is justified. At the same time, Respondent notes, such broad interpretation defines an equally broad scope of prior art to be considered by the Examiner in the PTO. Under this rigorous standard of examination, once a patent issues, its claims are justly entitled to the statutory presumption of validity, 35 USC section 282, a presumption which does not apply to application or patent claims dnring the re-examination process but which is available only in court litigation to enforce the patent. Thus, investor confidence in the validity of issued claims will be and has been increasad.

While Petitioner contends that this case in its present posture presents "an ideal opportunity to review the use of disparate rules of patent claim construction, Respondent's position is that any such consideration would be premature at this time. The PTO reexamination of the claims at issue in this litigation is still pending. It would seem obvious to be the better course to allow the PTO proceeding to run its course, the ultimate outcome of which will undoubtedly be reflected in further litigation between the parties. The Federal Circuit will have the opportunity to state its views as to the alleged disparity of claim construction either on appeal from a PTO decision or upon a further appeal of this litigation. In the absence of an opinion clearly setting forth the views of the Federal Circuit on these matters, the questions presented are not ripe for consideration by the Court.

CONCLUSION

For the foregoing reasons, it is respectfully submitted that established precedent of this Court sustains the Federal Circuit's judgment in this case; the allegedly disparate rules are in fact harmonious and serve the public interest; and that this case is not ripe

for consideration by this Court. Accordingly, Respondent respectfully submits that the Petition for Writ of Certiorari should be denied.

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I, the undersigned, say: I am and was at all times herein mentioned, a citizen of the United States and a resident of the County of Los Angeles, over the age of eighteen (18) years and not a party to the within action or proceeding; that my business address is 10835 Santa Monica Boulevard, Suite 200, Los Angeles, California 90025; that on July 28, 1988, I served the within *Brief for Respondent in Opposition to Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit* in re: "Phone-Mate, Inc. vs. Fortel Corporation," by depositing true copies thereof, enclosed in a sealed envelope with postage thereon fully prepaid, in the United States mail at Los Angeles, California, addressed as follows:

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I declare under penalty of perjury that the foregoing is true and correct. Executed on July 28, 1988, at Los Angeles, California.

Claude A. Lagardere
(Original signed)

OFFICIAL SEAL
SALLY H JONES
NOTARY PUBLIC - CALIFORNIA
LOS ANGELES COUNTY
My comm. expires MAY 22, 1990

Supreme Court, U.S.
FILED
AUG 15 1988
JOSEPH F. SPANIOL, JR.
CLERK

No. 88-9

IN THE

Supreme Court of the United States

OCTOBER TERM, 1988

PHONE-MATE, INC.,

Petitioner,

vs.

FORTEL CORPORATION,

Respondent.

On Petition For A Writ Of Certiorari
To The United States Court Of Appeals
For The Federal Circuit

PETITIONER'S REPLY BRIEF

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APPENDIX A

Ethicon v. Quigg, No. 88-1202, Slip Op. (Fed. Cir. June 15, 1988) A1

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In The
Supreme Court
of the United States

OCTOBER TERM, 1988

PHONE-MATE, INC.,

Petitioner,

vs.

FORTEL CORPORATION,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PETITIONER'S REPLY BRIEF

Petitioner, Phone-Mate, Inc.[1], respectfully submits this Reply Brief to respond to arguments made by Respondent in opposition to Phone-Mate's Petition for Writ of Certiorari, and to bring a relevant, recent, Federal Circuit decision, *Ethicon v. Quigg*, No. 88-1202, Slip Op. (Fed. Cir. June 15, 1988), to the attention of the Court.

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[1] In accordance with Rule 28.1 of the Rules of the Supreme Court, petitioner, Phone-Mate, Inc., has no parent companies, subsidiaries, or affiliates.

ARGUMENT

A. Neither the Federal Circuit's Decision in This Case Nor the Federal Circuit's Disparate Rules of Claim Interpretation are Consistent with Decisions by This Court.

In the present case, the Federal Circuit, following its disparate rules of claim interpretation, interpreted a patent claim reciting "clock pulses" as if it recited *electrical* "clock pulses." Based on that interpretation, the Federal Circuit reversed the district court's holding of invalidity. In reaching its decision, the Federal Circuit applied a rule which requires courts to interpret patent claims as narrowly as necessary to uphold their validity, in contrast to the rule which requires the Patent Office to interpret patent claims as broadly as reasonable. These two disparate rules of claim interpretation which led to the Federal Circuit's reversal in the present case are of widespread legal significance. These disparate rules of claim interpretation are applied in all judicial proceedings considering patent validity and in all examination and reexamination proceedings before the Patent Office. The present case merits review by this Court to consider the propriety of the disparate rules of claim interpretation imposed by the Federal Circuit.

In the present case, the Federal Circuit held that the district court was improperly influenced by the opinion of the Patent examiner who held the same claims unpatentable during reexamination proceedings, because the examiner was required to interpret the claims as broadly as reasonable in light of the specification.

Respondent attempts to defend the Federal Circuit's decision by relying on the inapposite rule that resort to the specification is appropriate to explain and clarify patent claims. This argument misses the point. Of course it is appropriate to consult the specification to assist in *understanding* patent claims. However, there is a difference between using the specification to *understand* a claim and using it to *change* the clear meaning of a claim drafted by the patentee to define his invention. The decisions of this Court and of the Federal Circuit hold that it is improper to change a claim by adding limitations found only in the specification. In the present case, the Federal Circuit transplanted the limitation "electrical" from the specification into the claim. In doing so, the Federal Circuit *changed* the clear and unambiguous language of the claim, language which was chosen by the patentee to define the scope of his invention.

Respondent argues that in litigation, where the fate of the patent is involved, courts should proceed with "liberality" rather than strictness. However, Petitioner submits that "liberality" ends short of changing the clear meaning of language chosen by the patentee to claim the invention. If a patentee involved in litigation finds that the claim is so broad as to be invalid, he has the option to preserve the patent by pursuing reexamination or reissue, and narrowing the claim. Thus, the Federal Circuit's disparate rules of claim interpretation are not supported by decisions of this Court requiring liberality where the fate of a patent is at issue.

B. The Federal Circuit's Imposition of Disparate Rules of Claim Interpretation Frustrates the Purposes of the Reexamination Statute.

By requiring the application of two disparate rules of claim interpretation, one in judicial proceedings and another in Patent Office proceedings, the Federal Circuit has created a situation which encourages forum shopping. Each party to an action will institute and actively pursue proceedings in the forum charged by the Federal Circuit to apply the claim interpretation rule perceived to be most favorable. At the same time, the disparate rules of claim interpretation foster the use of dilatory tactics in the forum perceived to be unfavorable. The goals of the reexamination statute are frustrated by disparate rules of interpretation which require, in circumstances like the present case, two different forums considering the same issues to reach conflicting results.

Respondent argues that the disparate rules of claim interpretation do not deprive courts of the guidance and expertise of the Patent Office. As an example Respondent cites the instant case in which the "District Court relied almost exclusively on the PTO Examiner's decision." Opposition at page 7. Notably, the district court was reversed.

Finally, Respondent argues that the rigorous rule of claim interpretation applied by the Patent Office is necessary to serve the public interest and reduce the possibility that claims finally allowed will be given a broader scope than is justified. *However, this explanation of the rationale behind the Patent Office rule does*

not explain why the courts are required to apply a different rule.

C. The Question Presented in the Petition for Certiorari is Ripe for Review and Urgently Requires Consideration by this Court.

Respondent argues that because the patent at issue is still the subject of Patent Office review, the present controversy is not ripe. However, Petitioner is not asking this Court to review Respondent's patent. Rather, Petitioner requests review of the Federal Circuit's *decision* relating to Respondent's patent. The Federal Circuit's decision *is* final and *is* ripe for review by this Court.

Furthermore, the disparate rules of claim construction served as a basis for the Federal Circuit's decision in the present case. The disparate rules of claim construction were expressly addressed and explained by the Federal Circuit in reaching its conclusion. As a result, there is no need for this Court to refrain from review in order to allow the Federal Circuit to further address the issue of disparate rules of claim interpretation.

D. The Federal Circuit Decision in *Ethicon* Underscores the Federal Circuit's Intention to Perpetuate the Disparate Rules of Claim Interpretation Despite the Attendant Conflicts of Decisions.

In *Ethicon v. Quigg*, No. 88-1202, Slip Op. (Fed. Cir. June 15, 1988)[2], reprinted as Appendix A, the Federal Circuit held that the Patent Office should not stay patent reexamination proceedings pending the outcome of litigation involving the same patent. In particular, the Federal Circuit found 37 C.F.R. §1.565(b) and MPEP §2286[3] to be inconsistent with 35 U.S.C. §305 which requires reexaminations to proceed with "special dispatch." *Id.* at 7, App. A at A7.

Quigg, the Commissioner of Patents, attempted to justify the Patent Office regulations by arguing, *inter alia*, that the stay of reexaminations was necessary to avoid the awkwardness which would result if the Patent Office and a court considering the same validity challenge to the same patent reached different conclusions. However, the Federal Circuit rejected this argument stating that "[t]he awkwardness presumed to result if the PTO and court reached different conclusions is more apparent than real." *Id.* at 14, App. A at A13. In explaining this statement, the Federal

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[2] Counsel for Petitioner was not aware of the *Ethicon* decision until after the Petition for a Writ of Certiorari ("Petition") was filed. However, immediately upon learning of the *Ethicon* decision, counsel for Petitioner informed counsel for Respondent of the decision and of Petitioner's intention to discuss it in this Brief.

[3] These regulations as well as all other statutes and regulations cited herein are reprinted in the Petition at Appendix F.

Circuit reasoned that "[t]he two forums take different approaches in determining invalidity." *Id.* at 14, App. A at A13. The courts are required to interpret patent claims as narrowly as necessary to uphold the patent's validity. On the other hand, the Patent Office is required to interpret claims as broadly as reasonable in light of the specification. As a result, the Federal Circuit acknowledged that the two forums "*on the same evidence could quite correctly come to different conclusions.*" *Id.* at 15, App. A at A13 (emphasis added).

The *Ethicon* decision paves the way for repeated decisions, like the instant case, in which the Patent Office and the courts considering identical issues (patent claim validity) and identical evidence will necessarily reach opposite conclusions. This recent decision dramatically increases the urgency and importance of the question presented in the Petition for Certiorari.

CONCLUSION

Accordingly, Petitioner respectfully requests this Court to grant the Petition for Writ of Certiorari to review the judgment of the Federal Circuit.

Respectfully submitted,

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APPENDIX A

United States Court of Appeals
for the Federal Circuit

No. 88-1202

ETHICON, INC.,

Plaintiff-Appellant,

v.

DONALD J. QUIGG, COMMISSIONER OF PATENTS & TRADEMARKS
and THE UNITED STATES PATENT & TRADEMARK OFFICE,

Defendants-Appellees.

DECIDED: June 15, 1988

Before RICH, NIES, and MAYER, *Circuit Judges.*

MAYER, *Circuit Judge.*

OPINION

Ethicon, Inc. appeals from a grant of summary judgment by the United States District Court for the Eastern District of Virginia, 5 USPQ2d 1138 (1987), holding that the Commissioner of Patents and Trademarks has the authority to stay a patent reexamination proceeding pending the outcome of a case in another district court involving allegations that the same patent is invalid. We reverse.

Background

U.S. Patent No. 3,499,591 ('591), covering a particular construction for a surgical stapler, was issued to David T. Green in 1970, and he assigned it to the United States Surgical Corporation (USSC). In January of 1981, USSC filed suit in the United States District Court for the District of Connecticut against three parties unrelated to our case, alleging infringement of four patents, including the '591 patent. The defendants there argue the '591 patent is invalid. The parties in our case do not agree on which claims of the '591 patent are before the Connecticut court, but this does not affect our disposition. The trial in Connecticut was completed in September 1987 and a decision is pending.

In April 1986, USSC sued Ethicon in the United States District Court for the Southern District of Ohio alleging that Ethicon has infringed the '591 patent and a design patent. Ethicon denies infringement and claims the '591 patent is invalid. Again, the parties do not agree which claims are at issue in Ohio but, as with the Connecticut case, it does not matter.

Pursuant to 35 U.S.C. §§301-307, on March 12, 1987, Ethicon filed a request with the Patent and Trademark Office (PTO) to reexamine the validity of claims 1-5, 8, 9, and 20 of the '591 patent in view of prior art patents and publications not previously considered by the PTO. The following day, Ethicon asked the Ohio court to stay that litigation pending resolution of the reexamination. The district court denied the request but said, "If and when the Patent Office moves relating to the validity of any of the patents in dispute, at that time this matter can be re-examined."

The PTO granted Ethicon's reexamination request on May 21, 1987, stating, "A substantial new question of patentability affecting Claims 1-5, 8, 9, and 20 of United States Patent Number 3,499,591 to Green is raised . . . ." As a result, on June 3, Ethicon moved the Ohio court to reconsider its decision denying a stay, which was denied as "premature" because "no final determination" of the reexamination had been made.

In August, USSC filed its statement on the PTO's decision to initiate a reexamination in accordance with 35 U.S.C. §304, and Ethicon filed a reply. Thereafter, under the Manual of Patent Examining Procedure (MPEP) §2261, the examiner assigned to the reexamination was required to complete a first office action within one month. According to MPEP §2260, it is "intended" that the examiner's first office action on the merits "be the primary action to establish the issues which exist between the examiner and the patent owner insofar as the patent is concerned."

In early September 1987, USSC filed with the PTO a "Petition to Stay Reexamination Proceeding Pursuant to 37 C.F.R. §1.565 and MPEP §2286" of the '591 patent "in deference to an ongoing trial being conducted" in Connecticut. Later in the month, USSC advised the PTO that the Connecticut trial had been completed. According to Ethicon, not all the prior art references involved in the reexamination are before the court in Connecticut, but this is irrelevant to our view of this case.

On October 2, the PTO denied USSC's stay petition because it was untimely under 37 C.F.R. §1.540. But it nevertheless stayed the reexamination pending the decision of the Connecticut court, relying on MPEP §2286 which provides in pertinent part:

> If reexamination is ordered the reexamination will continue until the [Patent and Trademark] Office becomes aware that a trial on the merits has begun at which time the reexamination proceeding normally will be stayed, *sua sponte* by the examining group director unless a proper petition to stay has been filed which is not rendered moot by the *sua sponte* stay.

This procedure is based on 37 C.F.R. §1.565(b) which states, "If a patent in the process of reexamination is or becomes involved in litigation . . ., the Commissioner shall determine whether or not to stay the reexamination . . . ."

Ethicon then filed this suit to enjoin the Commissioner from delaying the reexamination and for a declaratory judgment that the stay of the reexamination proceedings was "unlawful and contrary to the reexamination statute, particularly 35 U.S.C. §305." The district court denied a temporary restraining order and preliminary injunction, and, on cross-motions for summary judgment, granted summary judgment for the Commissioner. The court reasoned that "37 C.F.R. §1.565(b) and MPEP §2286 are reasonably related to the statute because they promote the statutory purpose of achieving expeditious and efficient (i.e., non-duplication) resolution of patent validity issues." 5 USPQ2d at 1142. On appeal, Ethicon renews its argument that the Commissioner has no authority to stay reexamination pending the outcome of district court litigation.

Discussion

Consistent with its legislative function, Congress "may leave it to administrative officials to establish rules within the prescribed limits of the statute." *Patlex Corp. v. Mossinghoff*, 758 F.2d 594, 605, 226 USPQ 243, 251 (Fed. Cir. 1985) (citing *United States v. Grimaud*, 220 U.S. 506, 517 . . .1911)), *modified on other grounds*, 771 F.2d 480,226 USPQ 985 (Fed. Cir. 1985). In the patent field, Congress has done precisely that by providing that the Commissioner "may, subject to the approval of the Secretary of Commerce, establish regulations, not inconsistent with law, for the conduct of proceedings in the Patent and Trademark Office." 35 U.S.C. §6(a). In this type of situation, "the validity of a regulation promulgated thereunder will be sustained so long as it is 'reasonably related to the purposes of the enabling legislation.' " *Mourning v. Family Publications Service, Inc.*, 411 U.S. 356, 369 (1973) (quoting *Thorpe v. Housing Authority of Durham*, 393 U.S. 268, 280 (1969)); *see Chevron U.S.A. Inc. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837, 844 (1984); *Patlex*, 758 U.S. at 606, 225 USPQ at 252. The ultimate question here is whether the Commissioner's exercise of authority to stay a reexamination purportedly pursuant to section 6(a)[1] conflicts with the laws governing reexaminations specifically. If it does, it cannot stand.

The PTO conducts its proceedings in accordance with regulations set out in Title 37 of the Code of Federal Regulations, and the MPEP. The MPEP states that it is a reference work on patent practices and

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[1] Section references are to Title 35 of the United States Code.

procedures and does not have the force of law, but it "has been held to describe procedures on which the public can rely." *Patlex*, 758 U.S. at 606, 225 USPQ at 252 (citing *In re Kaghan*, 387 F.2d 398, 401, 156 USPQ 130, 132 (CCPA 1967)). Of course, an agency's interpretation of a statute it administers is entitled to deference, *Chevron U.S.A.*, 467 U.S. at 844, but "the courts are the final authorities on issues of statutory construction. They must reject administrative constructions of the statute, whether reached by adjudication or by rulemaking, that are inconsistent with the statutory mandate or that frustrate the policy that Congress sought to implement." *FEC v. Democratic Senatorial Campaign Committee*, 454 U.S. 27, 32 (1981).

"As always, the 'starting point in every case involving construction of a statute is the language itself.' " *United States v. Hohri*, 107 S.Ct. 353, 358 (1986)). Section 302 provides that "[*a*]*ny person at any time* may file a request for reexamination by the [Patent and Trademark] Office of any claim of a patent . . . ." (Emphasis added.) "Within three months following the filing of a request for reexamination under the provisions of section 302 of this title, the Commissioner will determine whether a substantial new question of patentability affecting any claim of the patent concerned is raised by the request . . . ." 35 U.S.C. §303(a). If the Commissioner determines that there is a substantial new question of patentability, the patent will be reexamined. 35 U.S.C. §304. Section 305 then provides: "*All reexamination proceedings* under this section, including any appeal to the Board of Patent Appeals and Interferences, *will be conducted with special dispatch* within the Office." (Emphasis added.) Read together the statutes say: *Any* person *at any time* may request reexamination and *all* reexam-

tion procedures *will* be conducted with *special dispatch*. The issue for us is whether "special dispatch" contemplates that a reexamination be suspended pending the outcome of a district court case involving allegations of invalidity of the same patent. We conclude that it does not.

"Special dispatch" is not defined in the statute. However, "[a] fundamental canon of statutory construction is that, unless otherwise defined, words will be interpreted as taking their ordinary, contemporary, common meaning." *Perrin v. United States*, 444 U.S. 37, 42 (1979); *see LSI Computer Systems, Inc. v. United States Int'l Trade Comm'n*, 832 F.2d 588, 590, 4 USPQ2d 1705, 1707 (Fed. Cir. 1987). According to *Webster's New World Dictionary*, special means distinctive, unique, exceptional, or extraordinary, and dispatch means to finish quickly or promptly. Consequently, the ordinary, contemporary, and common meaning of special dispatch envisions some type of unique, extraordinary, or accelerated movement. In fact, the PTO itself has interpreted special dispatch to require that "reexamination proceedings will be 'special' throughout their pendency" in the office, and provides for an accelerated schedule. MPEP §2261. Whatever else special dispatch means, it does not admit of an indefinite suspension of reexamination proceedings pending conclusion of litigation. If it did, one would expect to find some intimation to that effect in the statute, for it would suggest the opposite of the ordinary meaning. But there is none.

"If the statutory language is unambiguous, in the absence of 'a clearly expressed legislative intent to the contrary, that language must ordinarily be regarded as conclusive.' " *United States v. Turkette*, 452 U.S. 576,

580 (1981) (quoting *Consumer Product Safety Comm'n v. GTE Sylvania, Inc.*, 447 U.S. 102, 108 (1980)). There is no ambiguity here so we turn to the legislative history to see if Congress meant something other than what it said statutorily. The House report does not define special dispatch, but it says that reexamination "will permit efficient resolution of questions about the validity of issued patents without recourse to expensive and lengthy infringement litigation." H. Rep. 1307(I), 96th Cong., 2d Sess. 4, *reprinted in* 1980 U.S. Code Cong. & Admin. News 6460, 6463. It also says that an advantage of the reexamination process is that it allows the validity of a patent to be "tested in the Patent office where the most expert opinions exist and at a much reduced cost." *Id.; see Patlex*, 758 F.2d at 602, 225 USPQ at 248; *Gould v. Control Laser Corp.*, 705 F.2d 1340, 1342, 217 USPQ 985, 986 (Fed. Cir. 1983) ("One purpose of the reexamination procedure is to eliminate trial of [a patent claim validity] issue (when the claim is cancelled) or to facilitate trial of that issue by providing the district court with the expert view of the PTO (when a claim survives the reexamination proceeding)"). There is no mention of staying a reexamination. The history, therefore, shows that Congress intended the reexamination process to provide an efficient and relatively inexpensive procedure for reviewing the validity of patents which would employ the PTO's expertise. A stay in our situation is not consistent with this intention.

We are unpersuaded by the Commissioner's argument that congressional consideration of giving courts the authority to stay their proceedings pending reexamination while not mentioning stays by the PTO, is evidence that the PTO has that authority. A more plausible inference, if one can be drawn at all from

silence, is that Congress contemplated that PTO proceedings would not be stayed. The statute does not provide for a stay of court proceedings because it "is believed by the committee that stay provisions are unnecessary in that such power already resides with the Court." 1980 U.S. Code Cong. & Admin. News at 6463. The committee was correct. Courts have inherent power to manage their dockets and stay proceedings, *Landis v. North American Co.*, 299 U.S. 248, 254 (1936), including the authority to order a stay pending conclusion of a PTO reexamination. *Control Laser Corp.*, 705 F.2d at 1342, 217 USPQ at 986. The Commissioner, on the other hand, has no inherent authority, only that which Congress gives. It did not give him authority to stay reexaminations; it told him to conduct them with special dispatch. Its silence about stays cannot be used to countermand that instruction.

The district court thought that one of the purposes of the legislation was to avoid duplication of efforts by the PTO and the courts. 5 USPQ2d at 1141. Nothing in the statute or legislative history supports this and the Commissioner suggests no other authority for the proposition. In the first place, the PTO's expertise does not exist elsewhere. Secondly, precise duplication of effort does not occur because the PTO and the courts employ different standards of proof when considering validity, and the courts, unlike the PTO during a reexamination of patent claims, are not limited to review of prior art patents or printed publications, 37 C.F.R. §1.552(a); *In re Etter*, 756 F.2d 852, 856, 225 USPQ 1, 4 (Fed. Cir. 1985) (*in banc*), but may also consider challenges to validity on other grounds.

Before the courts, a patent is presumed valid and the party asserting invalidity must prove the facts to

establish invalidity of each claim by clear and convicting evidence. 35 U.S.C. §282; *Kaufman Co. v. Lantech, Inc.*, 807 F.2d 970, 974, 1 USPQ2d 1202, 1204 (Fed. Cir. 1986). In a reexamination proceeding, on the other hand, there is no presumption of validity and the "focus" of the reexamination "returns essentially to that present in an initial examination," *In re Etter*, 756 F.2d at 857, 225 USPQ at 4, at which a preponderance of the evidence must show nonpatentability before the PTO may reject the claims of a patent application. *In re Caveney*, 761 F.2d 671, 674, 226 USPQ 1, 3 (Fed. Cir. 1985). "[T]he intent underlying reexamination is to 'start over' in the PTO with respect to the limited examination areas involved, and to *re* examine the claims, and to *examine* new or amended claims, as they would have been considered if they had been originally examined in light of all of the prior art of record in the reexamination proceeding." *In re Etter*, 756 F.2d at 857, 225 USPQ at 4.

So, the suspension of PTO proceedings does not prevent duplication; it precludes access to the forum where there is no presumption of validity. But the statutes say that "[a]ny person at any time" may request a reexamination, and "all" reexaminations, not just some of them, "will be conducted with special dispatch."

> That one challenging validity in court bears the burden assigned by [35 U.S.C.] §282, that the same party may request reexamination upon submission of art not previously cited, and that, if that art raises a substantial new question of patentability, the PTO may during reexamination consider the same and new and amended claims in light of that art free of any

> presumption, *are concepts not in conflict.* On the contrary, those concepts are but further indication that *litigation and reexamination are distinct proceedings, with distinct parties, purposes, procedures, and outcomes.*

Id. (emphasis added); *see Joy Manufacturing Co. v. National Mine Service Co.*, 810 F.2d 1127, 1130, 1 USPQ2d 1627, 1629 (Fed. Cir. 1987). The inequity of a stay is illustrated by the fact that here Ethicon is not involved in the litigation in Connecticut which led to the suspension in the first place. Conceivably a stay could have been imposed in 1981 and still be running,[2] and Ethicon would have nothing to say about it.

The Commissioner attacks Ethicon's statement that "there may be circumstances in which multiple concurrent proceedings within the Patent Office may well justify a stay of a particular reexamination proceeding" as a suggestion that " 'special dispatch' has one meaning with respect to concurrent PTO proceedings, and another, stricter meaning with respect to concurrent PTO and court proceedings." Ethicon's comment came because the district court pushed it to speculate about when a stay might be appropriate. But it addresses a hypothetical situation in which there are multiple proceedings before the PTO. That is not this case. We mention it, however, only to observe that the two situations are different and that nothing we say here prevents the Commissioner from conducting orderly proceedings within his office so long as he does not violate the statute. Special dispatch

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[2] It makes no difference to our view of the case that MPEP §2286 stays reexamination when a trial has begun while 37 C.F.R. §1.565(b) permits a stay when the patent is in litigation. Neither is authorized.

in the posited circumstances may call for coordinated activity to resolve issues seriatim, which would not necessarily violate congressional instructions so long as the reexamination was handled with special priority and progressed as quickly as possible. *See* MPEP §§2283-2285. We hesitate to say more without a case before us.

The Commissioner also presents four reasons why he thinks the suspension of reexamination proceedings pursuant to MPEP §2286 is "reasonably related" to the reexamination statute. First, he says that it would waste PTO resources to continue a reexamination where a trial on the validity of the same patent has begun. Second, because a trial includes live testimony and cross-examination, the court's decision on validity from the PTO prior to decision by a court, which has decided not to stay litigation pending a PTO determination, may unnecessarily complicate the litigation. And fourth, staying a reexamination proceeding until a court renders its decision will avoid the awkwardness that would result if the PTO and the court were to reach different conclusions as to validity. None of these arguments is persuasive.

Of course, the argument that it would waste the PTO's resources to continue a reexamination during a trial essentially repeats the argument that duplication of efforts between the PTO and the courts should be avoided, and is objectionable for the same reasons. This also rebuts the Commissioner's next point that a suspension is proper because a court's decision is likely to be based on a more complete record. By extolling the virtues of district court litigation, which may also include challenges to validity which the PTO cannot consider, however, he ignores the advantages of a PTO

reexamination. 'Reexamination is . . . neutral, the patentee and the public having an equal interest in the issuance and maintenance of valid patents." *In re Etter*, 756 F.2d at 856, 225 USPQ at 4. And it is likely to be cheaper.

The thought that a PTO decision may unnecessarily complicate the litigation and could create an awkward situation if different conclusions are reached overlooks that challenging validity in a court and requesting PTO reexamination "are concepts not in conflict." *Id.* at 857, 225 USPQ at 4. Suspension prevents the simplification of litigation that might result from the cancellation, clarification, or limitation of claims, and even if the reexamination did not lead to claim amendment or cancellation, it could still provide valuable analysis to the district court, *see Custom Accessories, Inc. v. Jeffrey-Allen Industries, Inc.*, 807 F.2d 955, 961, 1 USPQ2d 1196, 1200 (Fed. Cir. 1986); *Control Laser Corp.*, 705 F.2d at 1342, 217 USPQ at 986, which it could consider in reaching its determination.

The awkwardness presumed to result if the PTO and court reached different conclusions is more apparent than real. The two forums take different approaches in determining invalidity and on the same evidence could quite correctly come to different conclusions. Furthermore, we see nothing untoward about the PTO upholding the validity of a reexamined patent which the district court later finds invalid. This is essentially what occurs when a court finds a patent invalid after the PTO has granted it. Once again, it is important that the district court and the PTO can consider different evidence. Accordingly, different results between the two forums may be entirely reasonable. And, if the district court determines a patent is not invalid, the

PTO should continue its reexamination because, of course, the two forums have different standards of proof for determining invalidity.[3] *Cf. Stevenson v. Sears, Roebuck & Co.*, 713 F.2d 705, 710, 218 USPQ 969, 973 (Fed. Cir. 1983) ('prior holding of validity [by a court] is not necessarily inconsistent with the subsequent holding of invalidity [by a court]"); *Allen Archery, Inc. v. Browning Mfg. Co.*, 819 F.2d 1087, 1091, 2 USPQ2d 1490, 1493 (Fed. Cir. 1987) (a party charged with infringement may challenge "the validity of patent claims that were upheld in a prior infringement suit to which it was not a party").

To the extent MPEP §2286 states that the PTO is bound by a court's decision upholding a patent's validity, it is incorrect. On the other hand, if a court finds a patent invalid, and that decision is either upheld on appeal or not appealed, the PTO may discontinue its reexamination. This is consistent with *Blonder-Tongue*

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[3] The doctrine of collateral estoppel does not prevent the PTO from completing the reexamination in this situation. Courts do not find patents "valid," Environmental Designs, Ltd. v. Union Oil Co., 713 F.2d 693, 699 n.9, 218 USPQ 865, 871 n.9 (Fed. Cir. 1983), only that the patent challenger did not carry the "burden of establishing invalidity in the particular case before the court" under 35 U.S.C. S282. Panduit Corp. v. Dennison Mf g. Co., 810 F.2d 1561, 1569, 1 USPQ 1593, 1598 (Fed. Cir. 1987) (emphasis added); accord Shelcore, Inc. v. Durham Industries, Inc., 745 F.2d 621, 627, 223 USPQ 584, 588 (Fed. Cir. 1984) ("A patent is not held valid for all purposes but, rather, not invalid on the record before the court"). "Thereupon, the patent simply remains valid until another challenger carries the S282 burden." Panduit Corp., 810 F.2d at 1570, 1 USPQ2d at 1599. Accordingly, a court's decision upholding a patent's validity is not ordinarily binding on another challenge to the patent's validity, Stevenson v. Sears, Roebuck & Co., 713 F.2d 705, 710, 711, 218 USPQ 969, 974, 975 (Fed. Cir. 1983), in either the courts or the PTO.

Laboratories, Inc. v. University of Illinois Foundation, 402 U.S. 313 (1971), which "held that where a patent has been declared invalid in a proceeding in which the 'patentee has had a full and fair chance to litigate the validity of his patent' (402 U.S. at 333 . . .), the patentee is collaterally estopped from relitigating the validity of the patent." *Mississippi Chemical Corp. v. Swift Agricultural Chemicals Corp.*, 717 F.2d 1374, 1376, 219 USPQ 577, 579 (Fed. Cir. 1983), *quoted in Allen Archery*, 819 F.2d at 1091, 2 USPQ2d at 1492. Of course, in the end it is up to a court, not the PTO, to decide if the patentee had a "full and fair chance" to litigate the validity of the patent. But it is admissible for the PTO to act on the standing judgment of invalidity unless and until a court has said it does not have res judicata effect.

Finally, even if the Commissioner were correct about these stated fears, there is nothing we can do for him. Congress has said in no uncertain terms that reexaminations are to be conducted with special dispatch. "Our individual appraisal of the wisdom or unwisdom of a particular course consciously selected by the Congress is to be put aside in the process of interpreting a statute. Once the meaning of an enactment is discerned and its constitutionality determined, the judicial process comes to an end. We do not sit as a committee of review, nor are we vested with the power of veto." *TVA v. Hill*, 437 U.S. 153, 194 (1978).

Conclusion

Accordingly, the judgment of the district court is reversed, and the case is remanded for further proceedings not inconsistent with this opinion.

REVERSED AND REMANDED

(4)

No. 88-9

Supreme Court, U.S.
FILED
SEP 13 1988
JOSEPH F. SPANIOL, JR.
CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1988

PHONE-MATE, INC.,

Petitioner,

vs.

FORTEL CORPORATION,

Respondent.

SUPPLEMENTAL BRIEF FOR RESPONDENT IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

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Ex parte Fortel, Inc. Appeal No. 87-3389, Slip Op. (Board of Patent Appeals and Interferences, United States Patent and Trademark Office, August 17, 1988) ..... 1, 2, 3 and A1

In the
Supreme Court
of the United States
OCTOBER TERM, 1988

PHONE-MATE, INC.,

Petitioner,

vs.

FORTEL CORPORATION,

Respondent

SUPPLEMENTAL BRIEF FOR RESPONDENT IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Respondent, Fortel Corporation, respectfully submits this supplemental brief in order to bring to the attention of the Court a recent unreported decision by the Board of Patent Appeals and Interferences of the United States Patent and Trademark Office (the "Board") affecting Fortel's patent here in suit, No. 3,903,369 (the "369 patent"). The Board's unanimous decision is reprinted as an Appendix hereto. In its decision the Board reversed the Examiner and held claims 1 through 5 of the '369 patent to be patentable over the prior art.

In order to place the Board's decision in the context of the issues raised by Petitioner's opening brief, Respondent's brief in opposition, and Petitioner's reply brief, the following chronology of pertinent events has

been abstracted from the Statement Of The Case in Petitioner's opening brief.

After Respondent filed suit against Petitioner for infringement of claims 1-3 of the '369 patent, Petitioner initiated a reexamination proceeding in the United States Patent and Trademark Office (the "P.T.O."). After reexamination, an individual Examiner of the P.T.O. issued a final rejection of all five claims of Respondent's patent. Thereupon, Respondent filed an appeal to the Board and Petitioner filed a motion for summary judgment of invalidity of the patent in the District Court. The District Court, citing the reexamination by the P.T.O. Examiner, granted a judgment that claims 1-3 of plaintiff's '369 patent are invalid.

On appeal, the Court of Appeals for the Federal Circuit, reading the patent claims in the context of the patent specification, reversed the District Court for the reason that "in determining the validity of claims of an issued patent, the claims must be construed to uphold their validity, if possible. [Citation omitted]. Here, the court has done the opposite, reading the term "clock pulses" much more broadly than it is used in the specification to hold the claim invalid".

In noting (footnote 2, Petitioner's opening brief, Appendix A, page A5) that "the district court was clearly influenced by the examiner's rejection of the claims on reexamination, which may have lead to its erroneous interpretation of claim 1", the Federal Circuit further took note that in a P.T.O. reexamination, "claims are given their broadest reasonable interpretation consistent with the specification."

In its briefs, Petitioner urges that these alledgedly disparate rules of claim interpretation will lead to repeated instances in which the P.T.O. and the courts, considering identical issues of patent claim validity, will reach opposite conclusions.

Against this background, and since the filing of Petitioner's reply brief in this Court, the Board has now issued its decision on Respondent's appeal from the Examiner's rejection of claims 1-5 of the patent. See Appendix for decision dated August 17, 1988, wherein the three member Board unanimously reversed the Examiner.

It is to be noted that the Board made a final decision of the P.T.O. that is entirely consistent with that of the Federal Circuit. Also, in a manner parallel to the Federal Circuit's finding of error in the District Court's "erroneous interpretation of claim 1", the Board reversed "an unreasonable claim interpretation" by the Examiner in the P.T.O. See Appendix, page A4. The positions of the court and of the P.T.O. are in accord. Therefore, the petition should be denied.

Respectfully Submitted,

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APPENDIX A

APPENDIX A

MAILED

AUG 17 1988

P.T.M. OFFICE
BOARD OF PATENT APPEALS AND INTERFERENCES

Art Unit 235 Paper No. 26

Appeal No. 87-3389 BA
ON BRIEF

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

Ex parte Fortel, Inc.

Request filed September 12, 1986, Control No. 90/001,087, for the Reexamination of Patent No. 3,903,369, issued September 2, 1975, based on application Serial No. 460,921, filed April 15, 1974. Telephone Answering System With Remote Playback.

Walton Eugene Tinsley for Appellant.
Paul L. Gardner et al. for Requestor.

Primary Examiner - A. Psitos.

Before Craig, Lindquist and Krass, Examiners-in-Chief.

Craig, Examiner-in-Chief.

This is a decision on the appeal from the examiner's holding of claims 1 through 5 in this reexamination proceeding to be unpatentable over the prior art. We reverse.

The invention relates to a telephone answering system that is remotely accessed by telephone for playback of any recorded messages. An essential component of the system is an up-down counter which has connected to its count input terminal pulses which are provided by each revolution of a reel that supports a message recording tape. The up-down counter is controlled to count up during the rewinding of the tape and count down to the starting point during playback.

The prior art references cited by the examiner are:

Silverman	3,395,401	July 30, 1968
Konno	3,894,188	July 8, 1975
Konno (Japan)	48-14205	Feb. 22, 1973

Claim 1 stands rejected under 35 U.S.C. 102 as being unpatentable over Konno or the Japanese publication and claims 2 through 5 stand rejected under 35 U.S.C. 103 as being unpatentable over the combined teachings of these references. Claims 1 through 5 stand additionally rejected under 35 U.S.C. 103 as being unpatentable over Konno considered with Silverman.

OPINION

Claim 1 contains the recitation of

> third circuit means coupled to said message storage means for introducing clock pulses to said up-down counter when said message storage means is activated.

This recitation, impliedly, limits the counter to an electronic counter. See the CAFC decision of record. Hence, a Section 102 rejection based on either Konno or the Japanese publication, both of which used mechanical counters, is not applicable.

The systems of Konno and the Japanese publication operates with two counters, TC_1 and TC_2. Counter TC_1 is reset to 0000 and counts down during rewinding of the tape. Counter TC_2 counts down to 0000 during rewinding of the tape and upon reaching 0000 stops the rewinding, reverses the direction of tape movement and starts playback. Counter TC_1 counts up during playback and terminates the playback mode upon reaching 0000. Claim 1 on appeal recites

> an up-down counter for measuring the displacement of said message storage means from its reference position
>
> second circuit means coupled to said up-down counter for terminating said rewind signal when said message storage means is returned to said reference position
>
> fourth circuit means coupled to said second circuit means for causing said up-down counter to count from a reference count to a further count as said message storage means is being returned to its reference position.

Thus, the claim is limited to *an* up-down counter and the circuit means and functions are coupled to *said* up-down counter. In the references it is the circuit means coupled to the up-down counter TC_2 that terminates the rewind signal while it is counter TC_1 which counts from a reference count 0000 to a further count during rewinding and back to 0000 during playback and terminates playback. Therefore, it is clear that in order

to read the functional operations recited in claim 1 on the system of the references, the claim language must first be read on one counter, TC_2, and then a second counter, TC_1. We, therefore, find that reading the language of claim 1 on a system that uses a pair of up-down counters to effect the functional operations where the structure of the claim system, read in the context of the claim, is to *an* up-down counter constitutes an unreasonable claim language interpretation resulting in an improper rejection. Clearly, the Konno and Japanese publications are not anticipatory of the claimed subject matter.

In accordance with the foregoing, assuming that it would have been obvious for the artisan to substitute an electronic counter for a mechanical counter, such a substitution in the Konno and the Japanese publication systems would not result in a system corresponding to the one recited in claim 1, but a system with two electronic counters. There is nothing that would have suggested to the artisan the use of *an* electronic up-down counter connected, controlled and operated in the manner set forth in claim 1. The claimed subject matter as a whole is not established as having been obvious.

None of the rejections of independent claim 1 has been sustained. Therefore, the rejections of the dependent claims also fall.

The decision of the examiner is reversed.

REVERSED

Jerry D. Craig
Examiner-in-Chief

William F. Lindquist
Examiner-in-Chief

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State of California

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County of Los Angeles

I, the undersigned, say: I am and was at all times herein mentioned, a citizen of the United States and a resident of the County of Los Angeles, over the age of eighteen (18) years and not a party to the within action or proceeding; that my business address is 10835 Santa Monica Boulevard, Suite 200, Los Angeles, California 90025; that on September 13, 1988, I served the within *Supplemental Brief of Respondent in Opposition to Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit* in re: "Phone-Mate, Inc. vs. Fortel Corporation," by depositing true copies thereof, enclosed in a sealed envelope with postage thereon fully prepaid, in the United States mail at Los Angeles, California, addressed as follows:

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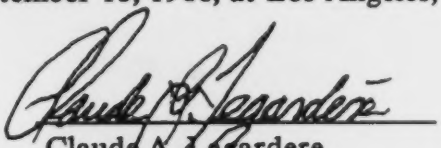
I declare under penalty of perjury that the foregoing is true and correct. Executed on September 13, 1988, at Los Angeles, California.



Claude A. Lagardere
(Original signed)